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87 Savings Institutions SOURCEBOOK

USL
UNITED STATES LEAGUE of SAVINGS INSTITUTIONS

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UNITED STATES LEAGUE OF SAVINGS INSTITUTIONS
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United States League of Savings Institutions

The primary function of the United States League is to serve the savings institution business and the public interest by furthering thrift and homeownership. Organized more than 90 years ago, the League is regarded as one of the finest trade associations in the country. This reputation stems from a broadly based program having the following objectives: the support of thrift promotion; the encouragement of private investment in the purchase of homes; the development of safe, efficient operating methods for member institutions; and the improvement of statutes and regulations affecting the savings institution business and the public interest.

The United States League currently has 3,700 members. Located in every state, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and other western Pacific areas, these members represent approximately 99% of total savings association assets, as well as many savings banks, state leagues and other savings institution-related organizations. The League is the recognized organization through which members—large and small, across the nation—exchange experience and knowledge, thus elevating the standards and services of individual institutions and the business as a whole.

Closely affiliated with the League are several organizations whose specialized services are important to members and the entire savings institution business:

The Institute of Financial Education is the educational and professional arm of the business. It sponsors 260 chapters nationwide and has a total membership of 60,000 savings institution employees. It offers correspondence courses with 14,000 students currently enrolled. Resident schools and workshops are designed primarily for middle and senior level executives. More than 100 sessions are conducted annually in universities and conference centers across the country. The Institute also provides an array of packaged training programs that focus on specific skill development.

USL International, Inc., provides technical assistance to housing finance institutions throughout the world.

SAF Systems and Forms, Inc., and U.S. League Financial Services, Inc., have been combined to offer the financial services business a specialized source of internal operations information, forms, franchise funds transfer systems, and a credit card program with complete enhancement services.

U.S. League Investment Services, Inc., provides a full range of investment services for savings institutions. These services include asset-liability management, investment portfolio management, and trading and capital market activities. It also manages a mutual fund for savings institution investors.

U.S. League Services, Inc., is a for-profit subsidiary that evaluates and endorses insurance products for member institutions.

The Advertising Division, Inc., is a self-sustaining affiliate that develops advertising and promotional materials for use by member institutions, including envelope stuffers; newspaper ads; radio spots; counter literature and lobby display materials; calendars; and *HOME LIFE*, a customer-contact publication. Also, through its Advertising Agency Group it provides full advertising agency service to savings institutions on a market-exclusive basis.

In 1987, the U.S. League successfully formed a captive insurance company called the USL Savings Institutions Insurance Group, Ltd. Established as an insurance holding company to provide directors and officers liability insurance and blanket bond policies to qualified member institutions, the company was capitalized at $33.2 million. More than 600 savings institutions nationwide and other investors purchased 1.3 million shares of common stock at the completion of the firm's initial public offering. The U.S. League owns approximately 10% of the USL Savings Institutions Insurance Group's stock, making it the largest shareholder.

The Financial Managers Society, Inc., is a national professional organization whose members are chief executive officers, treasurers, controllers, auditors and information systems managers employed by financial businesses. It has 60 chapters, which sponsor programs on portfolio and cash management, automation, asset and liability management, auditing, stock conversions, mergers, accounting and taxes. This information is also available to FMS members via workshops, conferences and publications.

The Financial Institutions Marketing Association, formerly the Savings Institutions Marketing Society of America, is a professional society for marketing management and professionals in financial services. The Financial Institutions Marketing Association offers a full program of regional seminars and schools in addition to its annual marketing conference. It also publishes regular and special publications on all aspects of marketing. Its nearly 2,000 members include some 200 chief executive officers.

The American League of Financial Institutions, formerly known as the American Savings and Loan League, Inc., is a trade organization of minority savings institutions. The American League, which maintains a separate membership and a separate board of directors, became an affiliate in 1986.

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PREFACE '87

This is the fourth edition of the *Savings Institutions Sourcebook,* an annual publication of the United States League of Savings Institutions. The new *Sourcebook* continues the major data series that appeared annually in its predecessors, the U.S. League's *Savings and Loan Sourcebook* and *Savings and Loan Fact Book*. To complement these long-running series of savings association data, the *Savings Institutions Sourcebook* presents a full range of savings bank facts and figures as well.

These data are grouped by subject area: savings, mortgage lending, housing, savings institution operations and federal government agencies. A short text explains the basics of the savings institution business and the role it plays in thrift and homeownership. Finally, a glossary of key terms and a comprehensive index assist *Sourcebook* users in locating the information they are seeking.

The *Sourcebook* is distributed to U.S. League member institutions, educators, school and public libraries, financial writers and editors, members of Congress and other government officials, chambers of commerce and home builders. Copies may be obtained from the United States League of Savings Institutions, 111 East Wacker Drive, Chicago, Illinois 60601.

The League is indebted to the many organizations and agencies that cooperated in providing data for the 1987 *Sourcebook*. No effort has been spared to provide the reader with the most accurate and complete data possible within the constraints of the schedule dictated by the book's regular mid-year publication date.

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Senior Research Associate
Research Department

The Savings Institution Business

Savings institutions—savings associations and savings banks—perform a vital function in the American economy. They link consumers who have funds to save or invest and those who want to borrow. They accept savings deposits from the public, then use these funds to make various types of investments. Most of these investments are in residential real estate mortgages, and particularly in home mortgage loans.

Savings institutions are specialized but extremely important members of a class of institutions known as financial intermediaries. This classification includes such diverse organizations as commercial banks, life insurance companies, credit unions, and finance and investment companies. As a group, they offer investors and savers a wide variety of financial options and make funds available to borrowers for a broad range of purposes.

At one time, savings associations and savings banks were distinctly different types of institutions with unique purposes and forms of operation.

Today, however, these distinctions have largely disappeared. A convergent trend first appeared a number of years ago, and the Garn-St Germain Depository Institutions Act closed most of the remaining gaps when it was enacted in October 1982.

Among many other distinction-blurring provisions, the Garn-St Germain Act authorized savings associations to convert easily to savings bank form, and vice versa. Other important similarities—and the remaining distinctions—are discussed in this text under specific subject headings.

Chartering and Supervision

Like the commercial banking system, the savings institution business has a dual federal-state system of chartering and supervision. State institutions are chartered under state statutes, and are supervised and examined by their respective state authorities. Federal institutions are chartered under federal law and are subject to the supervision of the Federal Home Loan Bank Board.

Only about one-third of the states presently charter savings banks, and the majority are concentrated in New England, New York and New Jersey. Savings associations, on the other hand, are chartered by all 50 states, the District of Columbia, Guam and Puerto Rico. Federal charters may be issued to an institution headquartered in any state or similar political subdivision.

Savings institutions are privately owned and operated organizations. The development of policy for the conduct of business at the individual institution is the responsibility of a board of directors (or trustees, as they are called at some savings banks) made up of local citizens.

Like many other financial intermediaries, however, savings institutions work within a comprehensive framework of special state and federal laws and regulations. The laws set general standards for the chartering of new institutions, govern operating practices, and control the kinds of loans and other investments that can be made. Supervisory agencies establish more detailed regulations governing operating procedures.

In order to protect the public interest, the appropriate supervisory agencies periodically examine the savings institutions under their jurisdiction to assure compliance with applicable laws and regulations.

Insurance of Accounts

Federal savings associations are required by law to have their savings accounts insured by the Federal Savings and Loan Insurance Corporation. Most state-chartered institutions also are federally insured. Some federally chartered savings banks also belong to the FSLIC.

The Federal Deposit Insurance Corporation was the only federal insuring agency for savings banks until the passage of the Garn-St Germain Act, and the majority of savings banks still are insured by the FDIC.

FSLIC- and FDIC-insured institutions pay a regular insurance premium or assessment for deposit protection. In addition, they must comply with a body of regulations governing their operations.

Savings banks may belong to both the FDIC and a state fund; the state fund insures excess deposits over the FDIC's $100,000 maximum. Savings associations, on the other hand, may not maintain such dual memberships.

Ownership

Savings institutions either are mutually owned or have some form of permanent stock ownership. Mutual institutions issue no capital stock. They are owned by their members—the savers and borrowers—who are entitled to vote on business issues.

Stock institutions, in contrast, issue capital stock similar to that of other corporations. It can be bought and sold by investors, confers voting rights and may earn dividends.

Until the 1970s, only state-chartered savings associations were allowed to operate under the stock form of organization. Today, however, existing federal associations may freely convert to stock form and new federals may begin operations under a stock charter. More than 700 institutions have converted from mutual to stock ownership.

State-chartered savings banks are nearly all mutual in form, though a growing number have converted to stock form in the last four years. Federal savings banks may select either a mutual or a stock charter when they are organized or when they convert to federal status.

The Savings Picture

Savings deposits are the major source of funds for savings institution lending. For the business as a whole, deposits represent about 80% of all liabilities—what these institutions owe to others.

Many factors influence the ebb and flow of savings funds, including economic conditions, consumer behavior, supervisory agency regulations, competitive conditions, and the individual institution's savings portfolio structure and business techniques.

Despite the rise of powerful new competitors—many operating without the restrictions placed on insured depository institutions—savings institutions continue to attract funds in a deregulated savings environment. But while total deposits at FSLIC-insured savings institutions in 1986 were a record $890 billion, up from $844 billion in 1985, Americans saved only 3.9% of their disposable incomes in 1986—much less than the usual rate. As a result, savings institutions lost a net $4 billion in deposits in 1986.

Savings Deregulation

The single most important factor changing the savings picture in recent years has been deregulation.

In the 1960s, savings institutions and commercial banks became subject to thorough regulation of the kinds of deposit plans and terms they could offer. In essence, this body of regulations gave every institution the same product line, except that savings institutions could pay ¼ of 1% more than banks on most classes of accounts. This differential in favor of thrift institutions was intended to help them attract funds for housing, since they could not offer the full range of consumer financial services that banks could.

These savings account regulations both simplified savings choices for consumers by limiting options, and prevented rate wars among depositories. During the 1970s, however, consumers increasingly reacted to limited choices and controlled rate ceilings by moving their funds out of depository institutions and into alternative, unregulated intermediaries and direct market investments.

The regulators dealt with these problems by authorizing a greater variety of accounts, raising ceilings on some accounts and tying the ceilings on others to market indicators such as Treasury obligations. Consumers responded by moving an unprecedented amount of money at an unprecedented rate into some of the new accounts.

In 1980 the power to set interest rate ceilings and authorize new types of accounts was shifted from the individual federal banking and thrift regulatory agencies to the Depository Institutions Deregulation Committee. Its overall mission was to phase out interest rate ceilings and most other savings account regulations.

On October 1, 1983, the DIDC removed rate ceilings and minimum balance requirements for all new accounts with maturities of more than one month. At the same time, it reduced early withdrawal penalties and eliminated most other savings account regulations.

On January 1, 1984, the ¼ of 1% thrift institution differential was ended. This equalization of rates had been mandated by the Garn-St Germain Act of 1982, which also granted savings institutions broad new powers.

On January 1, 1985, the remaining savings account minimum balance requirements were lowered to $1,000. On January 1, 1986, these minimums were phased out altogether. Three months later, on March 31, the last interest rate ceilings (on passbook accounts) were phased out and the DIDC went out of existence.

Types of Accounts

Savings institutions offer many different types of deposit plans, none of which remain subject to rate controls.

Passbook, regular or *ordinary accounts* permit any amount to be added to or withdrawn from the account at any time. No minimum balance is required by regulation, although the institution may set a minimum needed to avoid a service charge or earn interest. Interest rate ceilings on passbook accounts were removed on March 31, 1986.

NOW (negotiable order of withdrawal) accounts function like checking accounts but earn interest at a rate set by the institution. NOWs may contain the funds of individuals and public units but not businesses.

Money market deposit accounts carry a monthly limit of six preauthorized transfers to other accounts or persons. Institutions may set other restrictions or requirements.

Certificate accounts with terms of seven days or more do not require a minimum balance. Rates are set by the institution. Institutions may decide whether to apply an early withdrawal penalty before the expiration date.

Earnings-based accounts are savings instruments that tie part of the interest payment to the return on earmarked assets that are under the control of the institution.

Club accounts help people to save regularly for Christmas, vacation, income tax payments or similar goals. Regular deposits each payday and once-a-year payouts characterize these accounts, which may earn up to the passbook rate.

School savings plans and *children's savings clubs* are specifically geared for children and young people to help them develop the habit of saving regularly. Deposits may be collected at the school rather than at the institution's offices, and many typical rules and procedures may not apply to such accounts.

Individual retirement accounts and *Keogh accounts* are not types of savings accounts. Rather, IRA and Keogh funds may be invested in any account, most

often a high-rate certificate. IRA and Keogh plans are a form of retirement savings in which the funds deposited and interest earned, up to legal limits, are exempt from income tax until they are withdrawn after retirement. The Tax Reform Act of 1986 put new limits on the deductibility of funds placed in IRAs.

Checking accounts or *demand deposits* are offered by some savings institutions under some circumstances. Federals may offer them to business customers with whom they have a loan relationship. State savings banks in some jurisdictions may offer both business and personal checking. No checking account may earn interest.

Other Services

At one time, most savings institution services were directly related to the savings and lending functions.

On the savings side, traditional related services include travelers checks, money orders, safe deposit boxes and payroll deduction plans. Newer savings services include automated teller machines that accept deposits and dispense cash 24 hours a day, transaction facilities in supermarkets and other stores, telephone transfers, electronic funds transfers, and preauthorized deposits and payments.

On the lending side, related services include home planning consultation, home buying seminars and sometimes debt management counseling.

In seeking to become full service consumer financial centers, savings institutions in recent years have been moving into new financial service areas as laws and regulations permit.

Some savings institutions have set up trust departments offering a full range of personal trust services, including the writing of wills, and estate planning and management. Others offer brokerage services, including buying and selling stocks, bonds and similar securities.

Traditional savings banks in Connecticut, Massachusetts and New York have offered individual and group life insurance plans for many years. The policies are issued by statewide affiliated organizations chartered specifically to provide this coverage.

Credit and debit cards are yet another newer financial service. The credit cards issued most often are those of major national organizations—American Express, MasterCard and Visa. Debit cards may also carry the same brand names; they allow the saver to tap an account at the institution for a purchase instead of running up a bill.

Another service that federal savings institutions may offer since the Garn-St Germain Act is leasing of consumer products such as furniture, automobiles and manufactured (mobile) homes.

Homeownership and Home Financing

Widespread homeownership is one of the distinctive characteristics of American society. Almost 64% of all residential units in the United States are owner-occupied.

Building, buying and maintaining the housing units in the U.S. account for hundreds of billions of dollars annually. Housing is a major force in the economy, by any measure. Private residential construction in recent years has accounted for 2.7% to 4.1% of GNP. Residential mortgage loans are one of the major forms of credit in the United States, exceeded only by the federal debt at year-end 1986.

Savings institutions are the single major source of residential credit. At year-end 1986 the mortgage portfolios of associations and savings banks accounted for 34.3% of all residential loans outstanding. In the private sector (excluding U.S. government and federal agency holdings), they held 53.1% of the total.

As a whole, the savings institution business holds more than 56% of its total assets in mortgage loans. Savings associations are the more specialized, with about 57% of all funds invested in mortgages. Savings banks, with a traditionally broad-

er investment authority, hold over 51% of their funds in mortgages. No other types of financial intermediaries come close to allocating this large a proportion of their funds to the financing of real estate.

The Mortgage Market

During the early 1980s, high interest rates and recessionary conditions in the nation's economy severely reduced the amount of loanable funds and the demand for mortgage loans. As the economy recovered, savings funds flowed back into thrift institutions and activity resumed in the housing market.

Savings institutions closed a record $265.5 billion in mortgage loans in 1986, surpassing the 1985 record of $196.8 billion. The business dominated the market for loans on new and existing homes and for mortgage refinancings. Savings institutions accounted for nearly half of all one- to four-family mortgages made in 1986, which is near the historical average.

Because of falling interest rates, it was more difficult for the business to make adjustable rate mortgages in 1986 than in 1985. With the spread between fixed rate mortgages and ARMs falling from an average of 150 basis points in 1985 to 100 basis points in 1986, ARM closings as a proportion of all loans closed by savings associations fell from 54% in 1985 to 38% in 1986. One should keep in mind, however, that the last time interest rates were as low as they were in 1986, the business was not making any ARMs. In the past, when interest rates rose, many savings institutions were strapped by fixed rate loan portfolios. As a result, their earnings suffered. The ARMs being made by the business today will help institutions remain profitable and continue to meet the public's home financing needs during periods of high interest rates. At present, ARMs account for more than 42% of the business' mortgage portfolio.

The mortgage portfolio turnover ratio expresses inflows as a percentage of the average portfolio over the year; it is a measure of portfolio activity.

At FSLIC-insured savings institutions, the turnover ratio climbed to more than 51% last year, an exceptionally high rate. Two factors combined to push the ratio upward: record sales of loans and loan-based securities from the existing portfolio; and a high rate of repayments and payoffs, fueled both by a resurgence of activity in the housing market and by borrowers' desire to refinance high rate loans made during the credit crunch of 1979-82.

Generally, strong portfolio inflows are considered desirable since they support a high volume of new lending. This level of activity permits institutions to restructure their portfolios more quickly into newer types of loans, as well as bringing in welcome income from loan origination fees.

Types of Mortgages

Savings institutions offer a broad range of mortgage options to help their customers meet their home financing needs. Mortgages may be conventional—i.e., not insured or guaranteed by a government agency—or made under a variety of government-sponsored programs. Private mortgage insurance also may be used on conventional loans to reduce risk.

Although many institutions continue to offer the traditional fixed rate, fixed term mortgage loan, many are also moving strongly into the area of alternative mortgage instruments. Estimates of the number of distinct types range from 40 to nearly 100.

These newer mortgage plans give consumers a range of options. Graduated payment mortgages have monthly payments that increase periodically at a predetermined rate during the early years of the loan. This helps younger home buyers who anticipate rising incomes. Another version, growing equity mortgages, applies the increased payments to principal, thus building the borrower's equity in the home and paying off the loan more quickly than a traditional mortgage.

Balloon loans are written for terms such as three or five years. They call for regular monthly payments and one large (balloon) payment at maturity. The lender may guarantee renewal.

Many of these and other types of alternative mortgage instruments written by savings institutions today provide for periodic interest rate adjustments. The amount or number of payments, or both, may change to accommodate these interest rate ups and downs. The frequency and amount of increases usually are limited, while decreases often are not.

This assures people who borrow when market rates are high that the rate they must pay initially will decline if the market rate does. It also means that people who borrow when rates are down pay the lowest possible rate; the lender does not have to build in a higher rate as a hedge against possible future increases in the market. Regulatory safeguards protect the borrower's interests.

Adjustable rate mortgages are a comparatively recent development in the mortgage market. And they came into widespread use only with the 1983 resurgence of the market. ARMs are central to most portfolio restructuring efforts. When savings rate deregulation began, ARMs were being made in only a few areas of the country. Today, ARMs are an established part of the home finance market. Despite a drop in interest rates, which increased the demand for fixed rate mortgages, the business had more than 43% of its residential mortgages in ARMs by year-end 1986.

In addition to home purchase and home construction mortgage loans, savings institutions make a smaller number of loans on apartments and on commercial and other nonresidential real estate.

Secondary Market

The secondary mortgage market is the aggregate buying, selling and trading of existing mortgage loans and mortgage securities. Investors may buy whole loans, participations (ownership shares in a group of loans) or a variety of mortgage-backed securities.

Mortgage holders may set up pools by packaging FHA, VA or conventional mortgages, and issuing securities that represent shares in the package. The creator of the pool continues to collect payments from the borrowers. Some securities pass borrower payments through to investors monthly, in effect setting up a flow of principal and interest repayments with unpredictable maturity. Collateralized mortgage obligations, on the other hand, pay off one class of investors in an issue before moving to the next higher maturity class, thus affording some investment predictability.

Also, the securities may be guaranteed by the Government National Mortgage Association or partially insured by a private mortgage insurance company.

Institutional lenders such as savings associations and savings banks buy loans and securities in the secondary market when they have available funds that they cannot invest in new mortgages locally or when they wish to diversify their portfolios. Investors that do not have mortgage origination or servicing facilities also use the secondary market to acquire loans.

Correspondingly, lenders that wish to free funds from their existing portfolios sell loans, participations or securities. In times of high interest rates, sellers generally prefer to issue securities. This permits them to use old, low-rate loans to raise new funds without having to sell them at a discount.

Federal housing and mortgage credit agencies operate primarily in the secondary market; they generally are net purchasers. In the private sector, mortgage companies usually dominate the selling side, while savings institutions normally are the largest buyers of loans.

Recently, savings institutions also have become more interested in originating mortgage loans for subsequent sale to investors such as pension funds and insurance companies.

In addition to record loan closings, FSLIC-insured savings institutions sold more mortgage loans in 1986 than in any other year. A total of $172.7 billion in loans were sold in the secondary market, up 76.7% from 1985. Sales of mortgages to investors outside the savings institution business amounted to $102.8 billion, nearly three times the 1985 figure. A large part of these sales were to the federal secondary market agencies in exchange for mortgage-backed securities.

The extent of this secondary market activity has had a pronounced effect on the business' portfolio of mortgage investments. In 1986, savings institution holdings of mortgage-backed securities soared to $157.7 billion. The share of assets accounted for by mortgage-backed securities increased from 10.4% to 13.5%. This represents a significant shift away from holding whole loans and participations, which increased only 1.9%, with construction loans declining 6.2%.

The ability of savings institutions to become bigger participants in the multiclass mortgage securities market was further enhanced by the creation of a new, tax-exempt mortgage-backed securities pooling mechanism known as a real estate mortgage investment conduit, or Remic.

Other Loans

Besides mortgage loans, savings institutions make a variety of other loans to consumers. These advances are made for purposes such as mobile home and automobile purchases, home remodeling and improvements, education expenses and credit card purchases.

Most of these consumer loans are secured by liens on personal property or simply by the borrower's general creditworthiness. Savings account loans, however, are secured by cash on deposit with the financial institution, usually in a certificate account from which the saver does not want to withdraw until maturity.

Savings associations hold about 4% of their total assets in all types of nonmortgage loans, while the savings bank figure is about 14%.

The Garn-St Germain Depository Institutions Act of 1982 further expanded savings association lending powers in the areas of consumer, commercial and agricultural lending. Traditional savings banks in some jurisdictions have had these powers for years.

While savings institutions now can make a variety of new types of loans to better serve their customers and their communities, most will remain primarily real estate lenders. The track record of traditional savings banks, which have had diverse investment powers for years, demonstrates this continued emphasis on mortgage lending.

Indeed, nonmortgage loans continued to play a small role in 1986. Commercial loans accounted for only 2% of assets, and consumer loans only 4.3%. Cash and financial investments—funds which can be readily converted into mortgages—represented 14.1% of the business' total assets.

Demand for home equity loans, however, was strong at savings institutions in 1986. These loans, which enabled homeowners to use the untapped equity in their homes as security to borrow for any purpose, now offer significant tax advantages over traditional forms of consumer borrowing.

Financing housing has been the basic business of savings institutions for more than 150 years, and that expertise cannot be ignored.

Other Investments

Traditional savings banks typically have much broader investment powers than do savings associations, although their authorizations vary somewhat from state to state. The greatest share of these investments is in stocks, bonds and other debentures.

Savings association investment powers were greatly expanded by the 1982 Garn-St Germain Act. Since most implementing regulations were not issued until well into

1983, however, these newer investments are not yet major items on most association balance sheets.

Balance Sheet

The balance sheets of the savings association and savings bank businesses to some extent reflect their differing histories and statutory powers. More significant, however, are the marked similarities between the two statements of condition, similarities that underline the unity of the savings institution business.

The principal liability of savings institutions is savings deposits, the funds entrusted to them by savers and thus owed to those savers.

For savings banks, savings deposits in recent years have made up about 65% of total liabilities, while the percentage for associations has hovered between 75% and 80%. In contrast, associations make much heavier use of borrowed funds than do savings banks—more than 16% versus about 6% of total liabilities—to maintain their lending programs.

Another key item on both balance sheets is net worth or general reserves, the earnings retained over the years to cushion operating losses.

On the asset side of the balance sheet, the major item is mortgage loans, representing the money owed to savings institutions by builders and buyers on loans secured by real estate. This balance sheet structure points up the basic function of savings institutions as financial intermediaries serving savers and home buyers.

Liquidity

Cash and the government security and investment portfolio of savings institutions represent a major asset classification. All prudent depository institutions hold some liquid investments to ensure that funds are available to meet any sudden increase in deposit withdrawals. Any liquidity regulations for state-chartered savings institutions that are not members of the FSLIC or the FHLB System are set by state authorities. All other savings institutions—the vast majority—are subject to the FHLBB's liquidity rules for FHLB System members.

In these regulations, the Bank Board specifies two minimum levels of liquid assets—overall holdings and a smaller percentage of short-term investments.

The Bank Board is empowered by law to vary the overall liquidity ratio between 4% and 10%. The base against which mandated liquidity ratios are computed is composed of withdrawable savings deposits and borrowings repayable on demand or in one year or less. These numbers are the denominator in the computation. Qualifying investments are the numerator.

Liability Reserves

On the liability side of the balance sheet, reserves are funds set aside over the years to cushion depositors against any losses on loans or other investments.

Regulatory authorities establish minimum required levels of liability reserves for the institutions they oversee, as well as specifying the exact balance sheet items that may be counted toward the total.

In August 1986, the Federal Home Loan Bank Board issued extensive amendments to its net worth regulation for FSLIC-insured institutions. The new regulation, which became effective January 1, 1987, imposed significantly tighter capital account discipline on the savings institution business. Over time, the regulation will require savings institutions to build their capital ratios from 3% to 6% of liabilities. When the 6% level will be reached is to be determined by two main conditions: each institution's level of capital as of December 31, 1986, and the overall profitability of the business. Officially, the new regulation replaced the term "net worth" with "regulatory capital." In practice, however, the term net worth will likely remain in use.

The new capital rules will have the least impact on savings institutions with strong net worth ratios. Some institutions will have to adjust their capital ratios more quickly than others.

The items that FSLIC-insured institutions may count toward net worth include: all liability reserve accounts (except specific and valuation reserves), common and preferred stock, retained earnings and undivided profits, appraised equity capital, equity securities, mutual capital certificates and subordinated debt securities issued in conformity with strict regulations, income capital certificates, and net worth certificates.

Appraised equity capital is the amount by which the value of a savings institution's assets, such as its office buildings, exceeds the item's book value.

Income capital certificates are FHLBB certificates that are agreements to pay back a corporation's loan, plus interest, when and if an association in financial difficulty gets into a better position. Payments are installments and are always less than the association's net income.

Mutual capital certificates and *subordinated debt securities* are forms of debt that have the characteristics of equity securities because of their long terms and because they give the investor a residual repayment claim similar to that of an owner, not a depositor or other creditor of the institution.

Net worth certificates are a form of capital assistance from the FSLIC and FDIC to institutions that are having trouble meeting net worth requirements. This emergency aid plan was created by the Garn-St Germain Act in response to the severe earnings pressures that some depository institutions experienced in the 1980-1982 recession.

Asset Reserves

On the asset side of the balance sheet, reserves are funds set aside against certain types of deposits. These reserves must be in the form of nonearning deposits at a Federal Reserve Bank and cash on hand at the institution.

The required level of asset reserves is based on the total of transaction accounts (NOW, checking and other third-party payment accounts) and nonpersonal time deposits (savings accounts not owned by natural persons). Certain other sources of funds also may be included.

Asset reserves have been required for Federal Reserve member commercial banks for many years; the 1980 deregulation act authorized the Fed to set asset reserve requirements for other types of depository institutions as well.

Operations Framework

Savings institutions operate within a comprehensive framework of state and federal laws and regulations. These rules set the requirements for the chartering of new institutions, govern operational practices, and describe the kinds of instruments that may be used to borrow money and the permissible loans and other investments for those funds.

For many years, regulations grew almost constantly in number and complexity as the authorities spelled out the permitted activities and required safeguards in each new sphere of operations that savings institutions were authorized to enter.

Now, however, the trend is toward fewer and less explicit regulations. This allows individual institutions far more operating discretion in tailoring their services to the needs of their marketplace and the particular competitive situation they face.

Savings flows and mortgage lending volume are affected by legal and regulatory constraints, and by the economic environment. The radical shifts in monetary conditions during the last 20 years have had far-reaching effects on the operations of savings institutions. The balance sheets and income statements of both associations and savings banks reflect the pervasive forces of change.

Many factors must be reconciled in order to produce a sound savings institution. Decisions on such matters as products offered, liquidity, the use of borrowed funds, income and expense, and personnel must all be made in a manner that will maximize the consumer financial services

offered to the community. The overriding consideration at all times, of course, is the soundness of the institution.

Income and Expense

Mortgage loans are by far the most important source of savings institution earnings, while the largest use of income is the payment of interest to savings account holders.

Interest and fees on mortgage loans accounted for more than 65% of the operating income of associations and more than half of operating income for savings banks in 1986. Interest on investments—primarily liquidity holdings in the case of FHLB System member institutions—accounted for another 9.9% of association income and about one-third of savings bank income.

The greatest expense of both savings associations and savings banks was interest on savings deposits and borrowed money, about 70% of all expenses for both types of institutions.

Trailing far behind the funds allocated to savers were the operating expenses of savings institutions. The ratio of operating expense to operating income has undergone a substantial decline over the years, due to increases in operating efficiency. Salaries and wages are the principal operating cost, accounting for more than 40% of current operating expenses in 1986.

The net income of savings institutions is the balance remaining after all operating expenses, interest on savings deposits and borrowed money, income taxes, and the difference between nonoperating income and nonoperating expenses are deducted from current income.

Tax Laws and Savings Institutions

Savings institutions are among the businesses heavily affected by the Tax Reform Act of 1986. The law created substantial tax planning challenges and opportunities for savings institutions as a result of key changes involving corporate tax rates, bad debt calculations and the treatment of net operating losses.

One of the changes reduced the top tax rate from 46% to 34% for all corporations, including institutions. The law established an effective date of July 1, 1987, for rate reductions, producing maximum blended rates of about 40% for calendar year 1987.

The main feature of the Internal Revenue Code for savings institutions is the availability of a special tax deduction for additions to reserves for bad debts. The new law substantially changed the size and applicability of this deduction. Under the previous law, an institution generally qualified as a savings and loan association for tax purposes as long as it held at least 60% of its assets in cash, U.S. government or agency securities and housing-related investments such as loans secured by real estate. A maximum 40% of taxable income bad debt deduction applied but was subject to a pro rata reduction to the extent qualifying assets comprised less than 82% of total assets.

The new tax law reduces the percentage of taxable income bad debt deduction from 40% to 8% for tax years beginning after December 31, 1986. In addition, the new law eliminated the 82% qualification for the maximum deduction. Instead, a standard 60% threshold was established in order to qualify as a savings association.

Under another provision of the 1986 tax law, savings institutions' net operating loss carrybacks and carryforwards will be covered by the same rules that generally apply to other corporations. Formerly, institution net operating losses could be carried back 10 years and carried forward five years. The new tax law's standards provide for three-year carrybacks and 15-year carryforwards.

The 1986 tax law also provided for the creation of a new, mortgage-backed securities pooling mechanism known as a real estate mortgage investment conduit, or Remic. A Remic security is similar to a collateralized mortgage obligation but qualifies for more favorable tax and accounting treatment. Issuers may opt for either debt financing or sale of asset treatment in structuring a Remic issue. The Remic statute has enabled savings institutions to become bigger participants in the multiclass

mortgage securities market since Remic securities qualify for purposes of the asset composition test.

Net Income

About 80% of all savings institutions made a profit last year. Assets grew to a record $1.17 trillion, up from $1.07 trillion at the end of 1985. Mortgage lending reached an all-time high of $265.5 billion, surpassing the previous record of $196.8 billion set in 1985.

Although profitable institutions had an exceptionally good year, about 2% of the institutions that did not make a profit caused a severe drag on the business' overall earnings. These institutions, which are administered by the FHLBB through its Management Consignment Program, lost about $3 billion last year. Without counting the performance of the MCP institutions, the business' return on assets would have been 0.35% and after-tax net income would have come close to equaling the record $3.92 billion.

Nevertheless, successful asset and liability restructuring efforts and sound management practices helped increase the business' net worth to its highest level ever, $53.1 billion, up from $46.6 billion in 1985. Savings institutions also continued to improve their ability to manage interest rate risk, thus ensuring profitability during periods of fluctuating rates.

When interest rates are high, market-rate savings accounts attract large volumes of funds. The institution's cost of savings rises very quickly. These high rates must be paid or savings will flow to other institutions and other types of investments. At the same time the interest rate on most other sources of funds also soars.

During the 1980-1982 crunch, most of the savings institution mortgage portfolio still was tied up in long-term, fixed rate mortgages that turn over very slowly. Periods of high interest rates slow portfolio turnover further, as people defer home construction and purchases until rates decline. The rate of return on the portfolio increases only slowly under such conditions.

The business' return to profitability has enabled institutions to move aggressively into the new areas authorized by a variety of legislation and regulations. Some of these newer authorizations are consumer leasing, commercial lending, trust services and credit card issuance.

The basic structure and financial position of the savings institution business is sound. Recent expansions of powers have improved future earnings prospects and will increase the capacity of the business to avert future earnings crunches of the 1980-1982 magnitude.

There is no doubt that millions of savers will have funds to invest and millions of borrowers will want to finance homeownership and other basic family needs. Savings institutions have grown to a $1.17 trillion business by specializing for more than 150 years in meeting these needs. Their new powers can only help them to do an even better job for the American public.

Federal Government Agencies

The FHLB System

The Federal Home Loan Bank System was created in 1932 to provide a central credit facility for the nation's home financing institutions. The System links mortgage lending institutions to the capital markets by issuing consolidated obligations and discount notes in large denominations. The System also serves as a source of secondary liquidity to its members in meeting heavy or unusual withdrawal demands.

All FSLIC-insured savings institutions are required by law to belong to the FHLB System. Membership is open on a voluntary basis to qualified state-chartered savings associations, savings banks and life insurance companies.

The FHLB System is organized in a manner similar to the Federal Reserve System. It is composed of the Federal Home Loan Bank Board, the 12 regional Federal Home Loan Banks and the member institutions.

Total assets of the System stood at $131.4 billion at year-end 1986. The System also had total capital of $11.7 billion, consisting of $9.5 billion in paid-in capital, $1.7 billion in legal reserves, $413 million in dividend stabilization reserves and $148 million in undivided profits.

The System has been consistently profitable. Between 1978 and 1986, the return on assets averaged 1.03%. The lowest ROA over that period was 0.83% in 1981. In 1986, the System's ROA was 1.07%. Most earnings are returned to the business in the form of dividends, which have ranged from a low of 61% of net income in 1978 to a high of 117% in 1980. Dividends are paid partly in the form of additional stock. The cash dividend is usually around half of net income.

In the supervisory area, the Bank Board has decentralized its examination functions to the 12 Federal Home Loan Bank districts and has significantly expanded its examination and supervisory personnel and compensation. These steps are being encouraged by the business and paid for entirely through examination fees assessed on the business.

The FHLB Board

The Board has three members, appointed for four-year terms by the President with the consent of the Senate. No more than two members may belong to any one political party.

The Board, located in Washington, D.C., governs and regulates the Bank System. It is the chartering and regulatory authority for federal savings institutions. It also governs the Federal Savings and Loan Insurance Corporation and the Federal Home Loan Mortgage Corporation.

The Board is an independent agency in the executive branch of the government and submits an annual report to Congress. Its expenses are all met through assessments on the regional Banks and the FSLIC, and examination fees. None of the Board's expenses are paid out of public funds.

The District FHLBs

The district Banks carry out the functions of the System in its dealings with member institutions. Although they are instrumentalities of the federal government, they are wholly owned by their member institutions.

Each Bank has its own staff and board of directors. Each board is composed of six public interest directors appointed by the FHLBB for four-year terms, plus an

additional number of directors elected for two-year terms by member institutions.

The regional Federal Home Loan Banks serve as central credit banks for member institutions and have no direct contact with the public except through the sale of consolidated obligations. Member institutions transact their business through the Bank of their own district.

The major sources of funds for the Banks are their capital stock and retained earnings, the proceeds from the sale of consolidated obligations and discount notes, and the deposits of member institutions. The funds from these sources are held as cash, invested in Treasury obligations or loaned to members.

The regional Banks are not autonomous. Besides governing them and setting System-wide policies, the FHLBB reviews their annual budgets and must approve appointments of top personnel.

The Banks provide many services to members besides deposit facilities and advances. Among these services are the safekeeping, purchase and sale of securities; and the operation of statistical and research programs that trace relevant economic conditions in the particular Bank district.

The capital stock of the district Banks is owned by their member institutions. Members are required to own stock equal to at least 1% of their total loan portfolio.

Advances to member institutions represent the major function of the Banks as reservoirs of credit. Advances are subject to a wide range of terms and conditions, which are controlled by statute, the policies of the Federal Home Loan Bank Board and the lending policies of the individual Banks.

FHLB Consolidated Obligations

The Federal Home Loan Bank System's consolidated obligations are used to tap the capital markets for funds to lend to member institutions. They are purchased by a broad segment of financial institutions, corporations and other investors.

In addition, the secretary of the Treasury is empowered to purchase up to $4 billion of consolidated obligations whenever the System's ability to aid savings institutions is substantially impaired by economic conditions.

Federal Home Loan Bank System borrowing closely reflects the demand for advances from member institutions.

FHLMC

The Federal Home Loan Mortgage Corporation, or Freddie Mac, was created in 1970 to promote the flow of capital into the housing market by establishing an active secondary market in mortgages. The corporation is under the direction of the Federal Home Loan Bank Board, and may by law deal only with government-supervised lenders—in essence, depository institutions—and with mortgage bankers that meet FHLBB-specified criteria.

Freddie Mac provides additional loanable funds to lenders by purchasing existing mortgages from their portfolios. The corporation's programs cover conventional mortgage loans of various types, participations in conventional loans, and FHA and VA loans, on both an over-the-counter and a forward commitment basis.

In 1986, Freddie Mac introduced new types of mortgage securities to the secondary mortgage market. One type is backed by one-year Treasury-indexed adjustable rate mortgages on one- to four-family residences and carrying a 2% annual interest rate cap. The security is backed by adjustable rate one- to four-family residential mortgages.

In addition, Freddie Mac began offering a 10-year multifamily mortgage participation certificate to meet growing investor demands for shorter term mortgage securities with call protection similar to that provided by a corporate bond. Call protection reduces exposure to early prepayment.

Freddie Mac continues to offer a 15-year multifamily participation certificate, introduced in 1985, for institutional investors seeking longer term securities. Participation certificates are backed by pools of fixed rate mortgages purchased by the corporation.

The FHLMC obtains funds to finance its purchases mainly from the sale of bond-type and pass-through mortgage certificates that it guarantees.

The Insurance Corporations

The Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation are permanent instrumentalities of the federal government, similar in structure and purpose. The FDIC was established in 1933 and the FSLIC in 1934 to insure deposits at savings associations, savings banks and commercial banks.

The basic principles of the federal deposit insurance system were developed from the experience of earlier state insuring organizations. These principles include financing the programs through member payments rather than tax funds, supervising and examining insured institutions to limit the insurer's exposure, and establishing procedures for dealing with troubled institutions that minimize inconvenience to depositors and economic disruption to the community.

Both the FDIC and the FSLIC insure accounts to $100,000. Insured accounts may be held by individuals, joint tenants, trustees, estates, partnerships, corporations, pension beneficiaries, borrowers with tax and insurance escrow deposits, government units and others.

In protecting the funds of depositors the insurance corporations have a wide choice of remedies when an insured institution's financial position becomes uncertain. They can make loans, grant contributions, purchase assets, provide guarantees or use any combination of these actions to help put the institution back on a firm footing, or allow time for a merger, acquisition or orderly liquidation to be arranged.

In response to the earnings difficulties of 1980-1982, the Garn-St Germain Act of 1982 also authorized the FSLIC and FDIC to provide capital assistance to institutions before their situation requires serious measures. This net worth certificate plan is described earlier in this text, in the section entitled "Liability Reserves."

Regulation and Supervision

Both the FDIC and the FSLIC issue extensive bodies of regulations with which insured institutions must comply. These institutions submit regular financial reports to the FDIC and FSLIC. This allows the corporations to monitor individual performance and to focus supervisory attention on the institutions that may be experiencing difficulties.

In addition, examiners visit insured institutions in order to make a detailed study of books and records to assure compliance with regulations and sound operating policies and procedures.

This three-pronged approach helps make sure that all insured institutions operate in a safe and sound manner and thus reduces risk to the insurance corporations.

Insurance Corporation Resources

During more than 50 years of operation, both the FDIC and FSLIC have accumulated reserves against possible insurance claims by the depositors of defaulted institutions. The FDIC calls this the insurance fund, while the FSLIC uses the designation primary and secondary reserves.

The two principal sources of increases in insurance corporation reserves are the premiums (assessments, in FDIC terminology) that insured institutions pay and interest income.

The reserves of the FSLIC and FDIC are invested in U.S. government obligations. Interest from these investments provides more income to both corporations in most years than do insurance premiums.

The FDIC and FSLIC's first line of defense against loss lies in the reserve and net worth accounts of insured institutions. Only when a member's losses exceed its own liability reserves are insurance corporation funds called into action. Finally, both corporations are authorized to borrow from the U.S. Treasury, although neither has ever needed to do so.

Annual premiums for either FDIC or FSLIC coverage are $^{1}/_{12}$ of 1% of the institution's total deposits. For FDIC-insured

institutions, this rate normally is reduced by partial rebates of the assessments remaining after the corporation has deducted insurance losses and expenses. This provision has usually resulted in an effective annual assessment rate ranging between 1/30 and 1/13 of 1% over the last two decades.

However, insured banks did not receive an assessment credit in 1985 or 1986 because FDIC operating costs and insurance losses exceeded assessments. A record 138 bank failures in 1986 caused a severe drain on FDIC resources, although the insurance fund ended 1986 with a net worth of $18.2 billion, an increase of $243 million.

Many FDIC-insured banks with large investments in agricultural and energy projects experienced problems when a worldwide slowdown in these sectors occurred. As a result, the FDIC decided not to take action to enforce normal capital standards against banks whose primary capital ratio declines to no less than 4% from March 1986 to December 31, 1987, provided these banks meet certain conditions. Basically, a bank's problems must stem from external economic problems and not poor management for it to participate in the FDIC's plan.

The FSLIC faces many new pressures caused by such forces as financial deregulation, which has increased competition for savings and greatly expanded investment options for all insured institutions.

As a result, Congress is increasingly concerned about the viability of deposit insurance. Several steps have been taken to bolster the FSLIC.

For example, the FHLBB moved in 1985 to restrain the explosive growth of some institutions and sometimes imprudent lending practices by requiring institutions to have sufficient net worth to support this growth. In addition, the Bank Board issued regulations limiting direct investments in real estate equities, service corporations and corporate securities.

Since early 1985, the Bank Board has imposed special quarterly premium assessments to bolster the FSLIC's resources. Each assessment has amounted to 1/32 of 1% of each insured institution's deposits, or 1/8 of 1% over the course of the year. The special assessment has added more than $2 billion to the FSLIC's reserves.

By the spring of 1987, Congress was close to taking final action on legislation to recapitalize the FSLIC. This was regarded as an essential step for strengthening the FSLIC's ability to deal with troubled institutions and to help shore up its insurance reserves.

To help liquidate nonperforming assets acquired by the FSLIC, the Bank Board approved the establishment of a special federally chartered savings institution, the Federal Asset Disposition Association, sometimes called the "406 Corporation" after the title of a legislative provision authorizing its creation.

FADA is managed by private-sector real estate professionals. It holds great promise for maximizing the return on assets acquired by the FSLIC.

Insured Savings Institutions

Federally chartered savings associations must belong to the FSLIC; state-chartered associations may join if they qualify. Most state-chartered associations do offer their savers this protection. If an FSLIC-insured association converts to a savings bank charter, it may retain its FSLIC insurance.

Traditional state-chartered savings banks belong to the FDIC, while new federal savings banks are FSLIC-insured. Existing savings banks converting to federal charter may retain their FDIC insurance if they choose.

The gradual decline over the last several years in the number of FSLIC- and FDIC-insured institutions is a result of consolidations and mergers within the savings institution business and does not represent any decrease in insurance coverage for savers. In fact, a Federal Reserve Board ruling mandates federal insurance for all depository institutions that offer either NOW or commercial accounts.

FHA

The Federal Housing Administration, created by the National Housing Act of 1934, is a federal agency within the Department of Housing and Urban Devel-

opment. The FHA operates a variety of loan insurance and subsidy programs designed to help stabilize the home mortgage market, improve housing construction standards and facilitate sound financing on reasonable terms.

Through November 30, 1983, the secretary of HUD set the interest rate ceilings on FHA loans; now, however, the rates are allowed to move freely to meet market conditions. Except in the case of interest-subsidized loans, the FHA borrower pays an annual insurance premium of ½ of 1% of the average principal outstanding over the year.

One major program provides for FHA insurance of single-family home loans. It encourages private lenders to extend homeownership opportunities by making loans with low downpayments and maturities up to 30 and 35 years.

VA

The Veterans Administration guarantees loans made by private lenders to eligible veterans of the U.S. armed forces. This guarantee is free of charge to qualifying veterans. The program includes conventional homes, condominiums and mobile homes. Because the VA reduces risk to the lender by guaranteeing part or all of the loan, the lender can safely offer the veteran very low downpayments and long terms.

Historically, the interest rate on VA-guaranteed single-family mortgages was the same as that on FHA loans. Today, the Veterans Administration sets VA loan ceilings.

FNMA

The basic function of the Federal National Mortgage Association is to provide a secondary market in residential loans. Fannie Mae fulfills this function by buying, servicing and selling mortgages, using debt issued under its own name as its primary source of funds.

Fannie Mae is the nation's largest purchaser of residential mortgages. The agency's net mortgage portfolio—mortgage loans held, less discount allowances for losses—stood at $97.9 billion at year-end 1986. Fannie Mae's portfolio was relatively stable, however, because of mortgage liquidations prompted by low interest rates. The organization purchases conventional and government-insured loans outright under a competitive bidding setup.

Fannie Mae has been owned by private shareholders since 1968, although it still has a number of ties to the government. Five of Fannie Mae's 15 directors are appointed by the President. The secretary of HUD has authority to set the corporation's debt limit and its ratio of debt to capital and also may require the corporation to allocate a portion of its purchases to programs related to national housing goals.

GNMA

The Government National Mortgage Association, often referred to as Ginnie Mae, is a wholly owned corporate instrumentality of the U.S. government, operating within HUD. GNMA was created in 1968 to assume certain functions formerly belonging to Fannie Mae, as well as to guarantee securities backed by mortgages insured or guaranteed by the federal government.

The pass-through is the major type of Ginnie Mae-guaranteed mortgage-backed security issued by private mortgage lenders. It provides for passing along to the security holder the monthly payments of interest and principal on the underlying pool of mortgages. The security is fully guaranteed by the federal government.

A futures market in GNMA pass-throughs exists on the Chicago Board of Trade. There, investors can competitively trade contracts to buy or sell agreed-upon amounts of securities at a negotiated price at a specified future date. This market enables savings institutions to pass along the interest rate risks of dealing in these securities to speculators who are more willing to gamble on interest rate trends.

The GNMA contract was the first of the so-called financial futures contracts. Futures contracts in other securities quickly followed. Savings institutions may use futures to hedge the interest rate risk of their asset-liability structure, although speculation is forbidden.

Introduction to the Data

With the passage of the Garn-St Germain Depository Institutions Act in the autumn of 1982, savings associations became able to convert easily to savings banks, and savings banks obtained a similar right of conversion to savings association charters.

By year-end 1986, 410 FSLIC-insured savings banks with more than $211 billion in assets were in operation. A handful of these were de novo federal savings banks, but most were converted savings associations. Thus, for statistical purposes, the traditional distinctions between the institutions calling themselves savings associations and those calling themselves savings banks have become meaningless.

The *1987 Sourcebook* brings you a comprehensive picture of the savings institution business. In doing so, it uses several different categories of data to describe these institutions.

All savings associations encompasses those institutions with a federal or state savings and loan charter. Data since 1983 are not entirely comparable with those from earlier years, however, because of the number of existing associations that converted to savings banks over the last four years. For example, associations' total assets in 1983 were reduced by nearly $65 billion being transferred to the savings bank column, which has the effect of understating the year-to-year growth of associations.

All savings banks represents institutions operating with a savings bank federal or state charter. Before 1983, these were traditional state-chartered savings banks. Here, too, some incomparability exists between 1983-86 and earlier years, due to the number of conversions of associations to savings bank charters.

All savings institutions data combine savings association and savings bank numbers. In this category, year-to-year comparisons are valid because charter changes do not affect the overall totals. Where totals for all savings institutions are not provided because of space constraints, the reader may wish to compute them from all savings bank and all savings association numbers.

FSLIC-insured savings institutions incorporates data on both savings associations and savings banks that belong to the FSLIC. Because this category takes in most traditional savings associations that converted their charters in the last four years, it is roughly comparable to "all savings associations" in prior years, except that the 1% to 2% of associations that are state-insured or uninsured are excluded.

FDIC-insured savings banks represents the traditional savings bank business but excludes those institutions with state or no insurance of accounts.

FSLIC-insured savings associations consists of traditional associations whose numbers and dollar amounts are diminished by the conversion of institutions to savings bank charter.

Federally insured savings institutions combines FDIC-insured savings bank data with FSLIC-insured savings association and savings bank numbers.

In this *Sourcebook,* the all-inclusive categories are used wherever the data are available. Furthermore, comparable savings association and savings bank data are paired wherever possible in the same or succeeding tables, in order to make it easier for the reader to compare, contrast and total the numbers.

Where it is useful to show more detailed data, available sources have been used even though comparable data for other categories of savings institutions are not gathered or

published. Also, some of these tables continue long-term data series from the *Savings Institutions Sourcebook*'s predecessor publications, series that are widely known to *Sourcebook* users.

In order to avoid lengthy and repetitious footnotes defining many of the terms used in *Sourcebook* tables, definitions appear in the glossary that follows the data section.

To facilitate reference, the tables in the data section of this *Sourcebook* are grouped into five subject areas: savings, mortgage lending, housing, savings institution operations and federal government agencies.

Finally, the index at the end of this publication helps users to locate both data and explanatory text relating to particular topics.

Savings Data

1. DISTRIBUTION OF TOTAL PERSONAL INCOME
(DOLLAR AMOUNTS IN BILLIONS)

Year	Personal Income	Personal Taxes	Disposable Personal Income	Personal Outlays	Personal Savings	
					Amount	As a % of Disposable Income
1960	$ 409.4	$ 50.5	$ 358.9	$ 338.1	$ 20.8	5.8%
1965	552.0	65.2	486.8	452.5	34.3	7.0
1970	831.8	116.2	715.6	657.9	57.7	8.1
1971	894.0	117.3	776.8	710.5	66.3	8.5
1972	981.6	142.0	839.6	778.2	61.4	7.3
1973	1,101.7	152.0	949.8	860.8	89.0	9.4
1974	1,210.1	171.8	1,038.4	941.7	96.7	9.3
1975	1,313.4	170.6	1,142.8	1,038.2	104.6	9.2
1976	1,451.4	198.7	1,252.6	1,156.9	95.8	7.6
1977	1,607.5	228.1	1,379.3	1,288.6	90.7	6.6
1978	1,812.4	261.1	1,551.2	1,441.1	110.2	7.1
1979	2,034.0	304.7	1,729.3	1,611.3	118.1	6.8
1980	2,258.5	340.5	1,918.0	1,781.1	136.9	7.1
1981	2,520.9	393.3	2,127.6	1,968.1	159.4	7.5
1982	2,670.8	409.3	2,261.4	2,107.5	153.9	6.8
1983	2,838.6	410.5	2,428.1	2,297.4	130.6	5.4
1984	3,110.2	439.6	2,670.6	2,501.9	168.7	6.3
1985	3,314.5	486.5	2,828.0	2,684.7	143.3	5.1
1986*	3,487.0	513.4	2,973.7	2,857.4	116.3	3.9

*Preliminary.
Note: Components may not add to totals due to rounding.
Source: Department of Commerce.

2. ALLOCATION OF HOUSEHOLD FUNDS
(BILLIONS OF DOLLARS)

Item	1983	1984	1985	1986*
Disposable Personal Income	$2,428.1	$2,670.6	$2,828.0	$2,973.7
Plus: Increase in Credit	279.6	336.5	393.9	387.1
Equals: Total Funds Available	$2,707.7	$3,007.1	$3,221.9	$3,360.8
Less: Spending on Nondurable Goods and Services	1,945.4	2,097.1	2,241.2	2,374.0
Leaves: Amount Available for Investment in Tangible and Financial Assets	$ 762.3	$ 910.0	$ 980.7	$ 986.8
Invested in:				
Tangible assets	$ 313.0	$ 378.9	$ 463.4	$ 511.2
Financial assets	449.3	531.1	517.3	475.6
Financial Assets Placed in:				
Savings accounts	$ 198.7	$ 224.6	$ 140.0	$ 111.4
Insurance and pension funds	150.2	134.3	150.4	148.0
Credit and equity instruments	105.2	106.1	184.2	92.1
Money market funds	- 44.1	47.2	- 2.2	20.8
All other	39.3	18.9	44.9	103.3

*Preliminary.
Sources: Department of Commerce; Federal Reserve Board.

3. ANNUAL CHANGE IN FINANCIAL ASSETS OF HOUSEHOLDS
(BILLIONS OF DOLLARS)

Year	Savings Associations†	Savings Banks	Commercial Banks	Credit Unions	Life Insurance Reserves	Pension Fund Reserves	Credit and Equity Instruments	Money Market Fund Shares	Total‡
1960	$ 7.6	$ 1.4	$ 2.7	$ 0.5	$ 3.2	$ 8.3	$ 6.2		$ 31.6
1965	8.5	3.6	14.9	1.0	4.8	12.1	2.8		55.1
1970	11.0	4.4	27.0	1.2	5.5	18.4	- 1.2		75.1
1971	28.0	9.9	28.1	1.7	6.3	21.1	- 8.9		98.3
1972	32.7	10.2	29.0	2.5	6.9	22.6	6.0		122.2
1973	20.2	4.7	35.3	3.6	7.6	25.4	32.0		142.7
1974	16.1	3.1	34.1	2.6	6.7	29.6	36.6	$ 2.4	138.5
1975	42.8	11.2	24.6	5.4	8.7	34.9	27.0	1.3	162.8
1976	50.6	13.0	37.9	6.0	8.4	44.0	23.9	0.0	199.5
1977	51.0	11.1	37.8	7.7	11.5	54.6	27.8	0.2	223.0
1978	44.9	8.6	40.4	6.4	12.0	61.8	56.2	6.9	259.7
1979	39.3	3.4	27.3	4.4	10.7	84.3	52.9	34.4	276.0
1980	41.8	7.5	68.8	8.3	9.7	106.3	22.1	29.2	303.9
1981	20.0	3.0	40.5	3.1	9.2	109.0	17.8	107.5	341.8
1982	46.8	5.3	64.4	10.2	7.2	120.1	88.5	24.7	386.3
1983	101.8	15.8	66.2	14.9	8.0	142.2	105.2	- 44.1	449.3
1984	112.4	7.8	91.5	12.9	5.2	129.1	106.1	47.2	531.1
1985	51.7	5.4	60.0	22.9	10.7	139.7	184.2	- 2.2	517.3
1986*	42.8	6.1	35.8	26.7	10.2	137.8	92.1	20.8	475.6

*Preliminary.
†Includes most federal savings banks insured by the FSLIC.
‡Includes checkable deposits and currency not classified elsewhere.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

4. OVER-THE-COUNTER SAVINGS
(BILLIONS OF DOLLARS)

Year-end	Savings Associations[1]	Savings Banks[2]	Commercial Banks[3]	Credit Unions[4]	Total[5]
1960	$ 62.1	$ 36.3	$ 67.1	$ 5.0	$ 171.3
1965	110.4	52.4	130.8	9.2	303.1
1970	146.4	71.6	205.8	15.5	439.3
1971	174.2	81.4	239.2	18.4	513.2
1972	206.8	91.6	273.5	21.6	593.5
1973	227.0	96.5	314.4	24.5	662.4
1974	243.0	98.7	360.5	27.5	729.7
1975	285.7	109.9	393.4	33.0	822.0
1976	335.9	122.9	435.1	39.0	932.9
1977	386.8	134.0	482.0	46.7	1,049.5
1978	431.0	142.7	544.6	53.0	1,171.3
1979	470.0	146.0	589.0	57.5	1,262.5
1980	511.6	153.5	677.8	61.7	1,404.6
1981	525.1	155.1	802.0	64.6	1,546.8
1982	568.0	155.2	921.0	74.8	1,719.0
1983	634.5	211.9	1,037.4	89.7	1,973.5
1984	725.0	248.1	1,140.1	102.6	2,215.8
1985	750.1	271.7	1,227.1	125.5	2,374.4
1986*	740.9	346.1	1,325.0	152.2	2,564.2

*Preliminary.
[1] All types of savings.
[2] Regular and special savings accounts.
[3] Time and savings deposits of individuals, partnerships and corporations.
[4] Shares and members' deposits.
[5] In 1960 and 1965, includes postal savings not classified elsewhere.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

5. AVERAGE ANNUAL YIELD ON SELECTED INVESTMENTS

Year	Savings Deposits in FSLIC-insured Savings Institutions	Savings Deposits in FDIC-insured Savings Banks	Time and Savings Deposits in Commercial Banks	United States Government Bonds	State and Local Bonds	Corporate Aaa Bonds
1960	3.86%	3.49%	2.56%	4.12%	3.73%	4.41%
1965	4.25	4.15	3.69	4.28	3.27	4.49
1970	5.14	5.04	4.95	7.35	6.51	8.04
1971	5.30	5.12	4.78	6.16	5.70	7.39
1972	5.37	5.22	4.66	6.21	5.27	7.21
1973	5.51	5.44	5.71	6.84	5.18	7.44
1974	5.96	5.78	6.93	7.56	6.09	8.57
1975	6.21	5.97	5.92	7.99	6.89	8.83
1976	6.31	6.06	5.53	7.61	6.49	8.43
1977	6.39	6.07	5.50	7.42	5.56	8.02
1978	6.56	6.22	6.02	8.41	5.90	8.73
1979	7.29	6.91	7.48	9.44	6.39	9.63
1980	8.78	8.03	9.08	11.46	8.51	11.94
1981	10.71	9.66	11.31	13.91	11.23	14.17
1982	11.19	9.68	10.46	13.00	11.57	13.79
1983	9.71	8.50	8.43	11.10	9.47	12.04
1984	9.93	8.65	8.90	12.44	10.15	12.71
1985	9.03	8.11	7.87	10.62	9.18	11.37
1986*	7.85	7.46	6.92	7.68	7.38	9.02

*Preliminary.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service; Standard & Poor's Corporation; United States League of Savings Institutions.

6. TOTAL SAVINGS AND NUMBER OF ACCOUNTS AT ALL SAVINGS INSTITUTIONS

Year-end	All Savings Associations		All Savings Banks		All Savings Institutions	
	Total Savings (Millions)	Number of Accounts (Thousands)	Total Savings (Millions)	Number of Accounts (Thousands)	Total Savings (Millions)	Number of Accounts (Thousands)
1960	$ 62,142	28,743	$ 36,343	22,493	$ 98,485	51,236
1965	110,385	39,807	52,443	22,326	162,828	62,133
1970	146,404	48,080	71,580	24,967	217,984	73,047
1971	174,197	50,831	81,440	25,748	255,637	76,579
1972	206,764	54,483	91,613	26,947	298,377	81,430
1973	226,968	59,091	96,496	28,333	323,464	87,424
1974	242,974	63,622	98,701	28,508	341,675	92,130
1975	285,743	69,558	109,873	29,712	395,616	99,270
1976	335,912	75,622	122,877	31,475	458,789	107,097
1977	386,800	81,346	134,017	33,302	520,817	114,648
1978	430,953	86,903	142,701	35,476	573,654	122,379
1979	470,004	90,195	146,006	36,410	616,010	126,605
1980	511,636	94,572	153,501	37,600	665,137	132,172
1981	525,061	101,207	155,110	36,855	680,171	138,062
1982	567,961	102,225	155,196	33,966	723,157	136,191
1983	634,455	98,122	211,909	41,665	846,364	139,787
1984	725,045	103,460	248,147	44,591	973,192	148,051
1985	750,071	101,265	271,673	44,203	1,021,744	145,468
1986*	740,920	91,517	346,127	n.a.	1,087,047	n.a.

n.a. = not available.
*Preliminary.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions; United States League of Savings Institutions.

7. AVERAGE SIZE OF SAVINGS ACCOUNTS AT ALL SAVINGS INSTITUTIONS

Year-end	All Savings Associations	All Savings Banks
1960	$2,162	$1,616
1965	2,773	2,349
1970	3,045	2,867
1971	3,427	3,163
1972	3,795	3,400
1973	3,841	3,406
1974	3,819	3,462
1975	4,108	3,698
1976	4,442	3,904
1977	4,755	4,024
1978	4,959	4,022
1979	5,211	4,010
1980	5,410	4,082
1981	5,188	4,209
1982	5,556	4,569
1983	6,466	5,086
1984	7,008	5,565
1985	7,407	6,146
1986	8,096	n.a.

n.a. = not available.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions.

8. AVERAGE INTEREST RATE ON SAVINGS AT ASSOCIATIONS†

Month	1984	1985	1986
January	9.77%	9.58%	8.27%
February	9.56	9.61	8.43
March	9.52	9.18	8.11
April	9.46	9.22	8.15
May	9.52	9.02	7.90
June	9.42	8.92	7.81
July	9.65	8.78	7.71
August	9.77	8.68	7.59
September	9.63	8.56	7.37
October	9.90	8.46	7.29
November	9.80	8.44	7.19
December	9.71	8.23	6.96

†Based on data received from 900 associations regularly reporting to the U.S. League. This group holds 50% of the total savings of all associations.
Source: U.S. League of Savings Institutions.

9. SAVINGS DEPOSITS AT FSLIC-INSURED INSTITUTIONS, BY TYPE OF ACCOUNT, YEAR-END 1986

(DOLLAR AMOUNTS IN MILLIONS)

Type of Account	Amount	Percentage
Passbook and NOW	$101,330	11.4%
Super NOW	34,439	3.9
Money Market	139,291	15.7
7-31 Day Certificate	3,539	0.4
32-91 Day Certificate	10,987	1.2
92-182 Day Certificate	117,718	13.2
183-365 Day Certificate	110,662	12.4
More than 1 but less than 2½-year Certificate	86,915	9.8
2½-year or more Certificate	167,564	18.8
Subtotal	$772,445	86.8%
More than $100,000 Certificate	117,469	13.2
Total Savings	$889,914	100.0%

Note: Components may not add to totals due to rounding.
Source: Federal Home Loan Bank Board.

10. QUARTERLY CHANGE IN SAVINGS DEPOSITS AT FSLIC-INSURED INSTITUTIONS, BY TYPE OF ACCOUNT, 1986

(MILLIONS OF DOLLARS)

Type of Account	1st Q	2nd Q	3rd Q	4th Q
Passbook and NOW	$- 5,867	$ 2,744	$ 1,742	$ 5,572
Super NOW	9,681	4,809	2,694	4,958
Money Market	970	3,306	4,408	1,043
7-31 Day Certificate	470	- 1,645	- 166	- 1
32-91 Day Certificate	- 471	1,102	- 134	- 54
92-182 Day Certificate	- 3,942	- 2,486	1,649	- 3,112
183-365 Day Certificate	4,835	2,717	5,089	8
More than 1 but less than 2½-year Certificate	4,356	- 35	- 2,468	- 1,961
2½-year or more Certificate	3,635	- 354	- 3,680	- 2,404
Subtotal	$ 13,667	$ 10,158	$ 9,134	$ 4,049
More than $100,000 Certificate	4,638	669	1,215	2,437
Total Savings	$ 18,304	$ 10,829	$ 10,348	$ 6,486

Note: Components may not add to totals due to rounding.
Source: Federal Home Loan Bank Board.

11. NET NEW SAVINGS FLOWS AT FSLIC-INSURED INSTITUTIONS
(MILLIONS OF DOLLARS)

Quarter	Net New Savings	Net New Retail Savings†	Quarter	Net New Savings	Net New Retail Savings†
1976			1982		
1st Q	$12,514	n.a.	1st Q	$– 661	$– 3,392
2nd Q	6,771	$ 6,589	2nd Q	– 8,152	– 9,748
3rd Q	7,200	6,348	3rd Q	– 4,457	– 6,481
4th Q	7,884	7,703	4th Q	6,845	4,912
1977			1983		
1st Q	11,734	11,462	1st Q	28,958	29,248
2nd Q	7,391	6,553	2nd Q	10,905	3,353
3rd Q	8,210	7,425	3rd Q	14,406	359
4th Q	4,669	4,281	4th Q	8,955	5,610
1978			1984		
1st Q	7,542	5,848	1st Q	17,670	8,638
2nd Q	4,290	2,589	2nd Q	14,466	1,548
3rd Q	6,487	5,292	3rd Q	8,843	1,424
4th Q	5,141	4,460	4th Q	15,892	9,263
1979			1985		
1st Q	10,103	8,349	1st Q	2,348	3,797
2nd Q	1,606	– 1,791	2nd Q	– 617	4,177
3rd Q	1,974	– 1,530	3rd Q	– 4,471	– 3,825
4th Q	1,346	– 3,089	4th Q	– 1,518	– 2,832
1980			1986		
1st Q	1,550	– 1,844	1st Q	5,717	1,079
2nd Q	799	– 2,153	2nd Q	– 3,830	– 4,499
3rd Q	2,252	– 454	3rd Q	– 1,067	– 2,282
4th Q	6,066	2,521	4th Q	– 4,783	– 7,220
1981					
1st Q	– 659	– 1,799			
2nd Q	–10,467	–12,701			
3rd Q	–12,627	–15,501			
4th Q	– 1,652	– 2,994			

n.a. = not available.
†Net new savings gains excluding increase in $100,000-minimum certificates; beginning in 1985, excluding increase in certificates of more than $100,000.
Source: Federal Home Loan Bank Board.

12. INDIVIDUAL RETIREMENT ACCOUNT ASSETS
(DOLLAR AMOUNTS IN BILLIONS)

Financial Intermediary	Year-end 1985 Amount	Year-end 1985 Percentage	Year-end 1986 Amount	Year-end 1986 Percentage
Savings Institutions:				
Savings Associations	$ 44.5	22.3%	n.a.	n.a.
Savings Banks	11.9	6.0	n.a.	n.a.
Total	56.4	28.2	$ 69.0	24.9%
Commercial Banks	51.5	25.8	67.0	24.2
Mutual Funds	31.6	15.8	53.7	19.4
Brokerage Industry (self-directed)	29.4	14.7	44.9	16.2
Life Insurance Companies	16.9	8.5	22.0	7.9
Credit Unions	13.9	7.0	20.5	7.4
Total IRA Assets	$199.8	100.0%	$277.1	100.0%

n.a. = not available.
Note: Components may not add to totals due to rounding.
Source: Investment Company Institute.

Mortgage Lending Data

13. GROWTH IN SELECTED TYPES OF CREDIT
(BILLIONS OF DOLLARS)

Type of Credit	1960	1986*	Increase
Total Credit Outstanding	$778.7	$9,345.0	$8,566.3
Residential Mortgage Loans:			
One- to Four-family Homes	141.9	1,668.3	1,526.4
Apartments	20.3	244.1	223.8
Total	162.2	1,912.4	1,750.2
Corporate and Foreign Bonds	90.2	919.0	828.8
State and Local Government Obligations	70.8	722.9	652.1
Consumer Credit	65.1	734.4	669.3
Mortgages on Commercial Properties	32.4	545.2	512.8
Federal Debt	243.1	2,612.8	2,369.7

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Reserve Board; United States League of Savings Institutions.

14. MORTGAGE LOANS OUTSTANDING, BY TYPE OF PROPERTY
(BILLIONS OF DOLLARS)

Year-end	Residential Properties			Commercial Properties	Farm Properties	All Properties
	One- to Four-family	Multi-family	Total			
1960	$ 141.9	$ 20.3	$ 162.2	$ 32.4	$ 12.8	$ 207.5
1965	218.3	38.2	256.5	55.5	21.2	333.2
1970	294.4	60.1	354.5	85.6	30.3	470.4
1971	320.9	70.1	391.0	95.9	32.2	519.0
1972	360.3	82.8	443.1	112.7	35.1	590.9
1973	403.3	93.1	496.4	131.7	39.5	667.6
1974	437.4	100.0	537.4	146.9	44.7	729.0
1975	476.9	100.6	577.5	159.3	49.7	786.6
1976	539.5	105.7	645.2	171.2	55.3	871.6
1977	632.7	114.0	746.7	189.7	63.5	999.9
1978	742.8	124.9	867.7	211.8	71.6	1,151.1
1979	861.0	134.9	995.9	236.3	85.6	1,317.7
1980	955.2	142.3	1,097.5	255.5	95.8	1,448.8
1981	1,032.1	142.1	1,174.2	277.5	105.8	1,557.6
1982	1,074.7	145.8	1,220.5	300.8	110.0	1,631.3
1983	1,190.9	160.8	1,351.7	350.4	112.8	1,814.9
1984	1,320.4	185.4	1,505.9	418.3	112.0	2,036.2
1985	1,468.3	213.9	1,682.1	480.7	105.6	2,268.4
1986*	1,668.3	244.1	1,912.4	545.2	99.0	2,556.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Reserve Board.

15. MORTGAGE LOANS OUTSTANDING, BY TYPE OF PROPERTY AND LENDER, YEAR-END 1986*

(BILLIONS OF DOLLARS)

Lender	Residential Properties			Commercial Properties	Farm Properties	Total Mortgage Loans
	One- to Four-family	Multifamily	Total			
Savings Associations	$ 404.0	$ 67.3	$ 471.3	$ 81.7	$ 0.5	$ 553.6
Savings Banks	155.2	30.3	185.5	39.3	0.1	224.9
Savings Institutions	$ 559.3	$ 97.6	$ 656.8	$121.0	$ 0.6	$ 778.5
Commercial Banks	240.4	30.0	270.4	216.8	13.0	500.2
Life Insurance Companies	13.0	20.7	33.7	145.9	11.3	190.9
All Others	855.6	95.8	951.4	61.5	74.1	1,087.0
Total	$1,668.3	$244.1	$1,912.4	$545.2	$ 99.0	$2,556.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

16. RESIDENTIAL MORTGAGE LOANS OUTSTANDING AND SAVINGS INSTITUTIONS' SHARE, 1986*

(DOLLAR AMOUNTS IN BILLIONS)

Item	One- to Four-family		Multifamily		Total Residential	
	Year-end Total	1986 Increase	Year-end Total	1986 Increase	Year-end Total	1986 Increase
Savings Associations	$ 404.0	$–28.4	$ 67.3	$ 0.9	$ 471.3	$–27.5
Savings Banks	155.2	33.4	30.3	7.0	185.5	40.4
Savings Institutions	$ 559.3	$ 5.0	$ 97.6	$ 7.9	$ 656.8	$ 12.9
All Lenders	1,668.3	200.0	244.1	30.3	1,912.4	230.3
All Private Lenders†	1,025.0	49.2	212.7	24.5	1,237.7	73.8
	Percentage Share of Market					
Total Market						
Savings Associations	24.2%	‡	27.6%	3.0%	24.6%	‡
Savings Banks	9.3	16.7%	12.4	23.1	9.7	17.5%
Savings Institutions	33.5%	2.5%	40.0%	26.1%	34.3%	5.6%
Private Market†						
Savings Associations	39.4%	‡	31.6%	3.7%	38.1%	‡
Savings Banks	15.1	67.9%	14.2	28.6	15.0	54.7%
Savings Institutions	54.6%	10.2%	45.9%	32.2%	53.1%	17.5%

Note: Components may not add to totals due to rounding.
*Preliminary.
†Excludes holdings of federal agencies, the U.S. government and mortgage pools.
‡Not calculable.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

17. ANNUAL CHANGE IN AGENCY-SUPPORTED RESIDENTIAL DEBT
(DOLLAR AMOUNTS IN MILLIONS)

Year	FNMA and GNMA Holdings	FHLMC Holdings	FHLB Advances	Total Agency Support	All Residential Debt	Agency Support as a % of All Residential Debt
1960	$ 759		$ – 153	$ 606	$ 12,600	4.8%
1965	– 42		672	630	20,800	3.0
1970	4,911	$ 325	1,326	6,562	21,100	31.1
1971	2,395	643	– 2,679	359	36,500	1.0
1972	1,801	820	43	2,664	52,100	5.1
1973	3,300	816	7,168	11,284	53,300	21.2
1974	6,222	1,982	6,657	14,861	41,000	36.2
1975	4,838	401	– 3,959	1,280	40,100	3.2
1976	– 2,117	– 718	– 1,983	– 4,818	67,700	– 7.1
1977	884	– 1,002	4,311	4,193	101,500	4.1
1978	8,791	– 176	12,497	21,112	121,000	17.4
1979	8,123	961	9,168	18,252	128,200	14.2
1980	7,026	1,004	7,125	15,155	101,600	14.9
1981	4,208	181	16,231	20,620	76,700	26.9
1982	9,864	– 504	816	10,176	46,300	22.0
1983	5,610	2,899	– 7,034	1,475	131,200	1.1
1984	8,590	2,767	15,641	26,998	154,200	17.5
1985	9,514	3,623	14,234	27,371	176,200	15.5
1986*	– 963	– 1,863	19,810	16,984	230,300	7.4

*Preliminary.
Sources: Federal Home Loan Bank Board; Federal Home Loan Mortgage Corporation; Federal National Mortgage Association; Federal Reserve Board; Government National Mortgage Association.

18. ONE- TO FOUR-FAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER
(BILLIONS OF DOLLARS)

Year-end	Savings Associations	Savings Banks	Commercial Banks	Life Insurance Companies	Federally Supported Agencies†	All Others	Total
1960	$ 55.4	$ 20.6	$ 19.2	$24.9	$ 7.1	$ 14.7	$ 141.9
1965	92.0	33.8	30.4	29.6	6.6	25.9	218.3
1970	121.9	42.1	42.3	26.7	24.7	36.7	294.4
1971	136.6	43.4	48.0	24.6	30.5	37.8	320.9
1972	160.2	46.2	57.0	22.3	36.1	38.5	360.3
1973	182.4	48.8	68.0	20.4	41.9	41.8	403.3
1974	197.7	49.2	74.8	19.0	52.0	44.7	437.4
1975	218.8	50.0	77.0	17.6	65.9	47.6	476.9
1976	254.0	53.1	86.2	16.1	77.6	52.5	539.5
1977	300.8	58.1	105.1	14.7	96.3	57.7	632.7
1978	345.4	63.3	129.2	14.4	119.6	70.9	742.8
1979	384.8	66.1	149.5	16.1	154.1	90.4	861.0
1980	411.0	67.5	160.4	17.9	183.2	115.2	955.2
1981	426.8	68.2	170.3	17.2	209.7	139.9	1,032.1
1982	392.2	64.2	173.8	16.8	270.7	157.0	1,074.7
1983	387.9	93.6	182.5	15.3	346.1	165.5	1,190.9
1984	421.5	107.3	196.2	14.1	401.4	179.9	1,320.4
1985	432.4	121.9	213.4	12.4	492.5	195.7	1,468.3
1986*	404.0	155.2	240.4	13.0	643.1	212.6	1,668.3

*Preliminary.
†Includes mortgage pools.
Source: Federal Reserve Board.

19. MULTIFAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER
(BILLIONS OF DOLLARS)

Year-end	Savings Associations	Savings Banks	Commercial Banks	Life Insurance Companies	All Others	Total
1960	$ 2.2	$ 3.7	$ 1.1	$ 3.9	$ 9.4	$ 20.3
1965	8.1	6.3	2.0	8.8	13.0	38.2
1970	13.8	7.8	3.3	16.0	19.2	60.1
1971	17.6	9.6	4.0	16.7	22.2	70.1
1972	21.1	10.9	5.8	17.3	27.7	82.8
1973	22.8	12.3	6.9	18.5	32.6	93.1
1974	23.8	12.9	7.6	19.6	36.1	100.0
1975	25.5	13.8	5.9	19.6	35.8	100.6
1976	28.4	14.2	8.1	19.2	35.8	105.7
1977	32.5	15.0	9.2	18.8	38.5	114.0
1978	36.1	15.9	10.3	19.0	43.6	124.9
1979	37.6	16.6	11.2	19.2	50.3	134.9
1980	38.1	16.1	12.9	19.5	55.7	142.3
1981	37.7	16.0	15.0	19.3	54.1	142.1
1982	38.9	14.7	16.5	18.9	56.8	145.8
1983	44.3	17.2	18.4	19.1	61.8	160.8
1984	55.8	19.8	20.3	18.9	70.6	185.4
1985	66.4	23.3	23.4	19.9	80.8	213.8
1986*	67.3	30.3	30.0	20.7	95.8	244.1

*Preliminary.
Source: Federal Reserve Board.

20. LONG-TERM INTEREST RATES

Year	Conventional Loans on New Homes, Effective Interest Rate	New Aaa Utility Issues Yield	Corporate Aaa Bond Yield	Spread between Conventional Loan Rate and Utilities Yield	Spread between Conventional Loan Rate and Corporate Bond Yield
1965	5.81%	4.50%	4.49%	1.31%	1.32%
1970	8.45	8.68	8.04	−0.23	0.41
1971	7.74	7.62	7.39	0.12	0.35
1972	7.60	7.31	7.21	0.29	0.39
1973	7.96†	7.74	7.44	0.22	0.52
1974	8.92	9.33	8.57	−0.41	0.35
1975	9.00	9.40	8.83	−0.40	0.17
1976	9.00	8.48	8.43	0.52	0.57
1977	9.02	8.19	8.02	0.83	1.00
1978	9.56	8.96	8.73	0.60	0.83
1979	10.78	10.03	9.63	0.75	1.15
1980	12.66	12.74	11.94	−0.08	0.72
1981	14.70	15.56	14.17	−0.86	0.53
1982	15.14	14.41	13.79	0.73	1.35
1983	12.57	12.06	12.04	0.60	0.53
1984	12.38	n.a.	12.71	n.a.	−0.33
1985	11.55	n.a.	11.37	n.a.	0.18
1986	10.17	n.a.	9.02	n.a.	1.15

n.a. = not available.
†New series.
Sources: Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service.

21. EFFECTIVE INTEREST RATES ON CONVENTIONAL HOME MORTGAGE LOANS CLOSED

Month	All Major Lenders		Savings Associations		Savings Banks	
	Fixed Rate Loans	Adjustable Rate Loans	All Home Loans	% with Adjustable Rate	All Home Loans	% with Adjustable Rate
1985:						
January	13.10%	12.05%	12.56%	60%	13.03%	61%
February	12.93	11.69	12.27	55	12.70	55
March	12.87	11.37	12.16	53	12.30	57
April	12.90	11.29	12.12	52	12.42	49
May	12.94	11.30	12.06	55	12.26	57
June	12.63	11.10	11.76	59	12.01	62
July	12.23	10.76	11.53	57	11.50	66
August	12.14	10.56	11.37	51	11.74	59
September	12.02	10.32	11.28	50	11.35	60
October	12.12	10.41	11.25	52	11.45	57
November	11.99	10.36	11.23	53	11.27	60
December	11.88	10.22	11.09	54	11.03	63
1986:						
January	11.41	10.17	10.85	53	10.50	83
February	11.24	10.14	10.70	49	10.74	60
March	10.87	9.97	10.56	37	10.55	48
April	10.56	9.87	10.30	35	10.64	35
May	10.33	9.76	10.19	30	10.27	57
June	10.38	9.48	10.20	26	10.01	39
July	10.51	9.47	10.27	27	10.26	37
August	10.58	9.40	10.20	34	10.22	35
September	10.47	9.25	10.04	40	10.19	34
October	10.39	9.07	9.89	42	10.01	39
November	10.28	8.87	9.74	42	9.78	44
December	10.13	8.81	9.57	46	9.57	51

Source: Federal Home Loan Bank Board.

22. TERMS ON CONVENTIONAL MORTGAGE LOANS

Item	Dec. 1983	Dec. 1984	Dec. 1985	Dec. 1986
New Single-family Homes:				
Contract interest rate	11.94%	12.05%	10.47%	9.28%
Loan fees	2.56%	2.65%	2.59%	2.46%
Maturity in years	27.30	28.00	26.70	27.40
Loan-to-price ratio	79.10%	77.90%	75.00%	76.40%
Average purchase price	$94,800	$102,600	$111,500	$124,800
Existing Single-family Homes:				
Contract interest rate	11.94%	12.26%	10.70%	9.29%
Loan fees	2.41%	2.62%	2.34%	2.11%
Maturity in years	26.40	26.10	25.50	26.70
Loan-to-price ratio	76.20%	76.10%	74.80%	74.70%
Average purchase price	$79,200	$ 84,300	$100,800	$116,100

Source: Federal Home Loan Bank Board.

23. PRIVATE AND GOVERNMENT MORTGAGE INSURANCE
(DOLLAR AMOUNTS IN BILLIONS)

Year-end	Private Mortgage Insurance	One- to Four-family FHA/VA Insurance	Insurance as a % of Home Mortgage Debt	Year-end	Private Mortgage Insurance	One- to Four-family FHA/VA Insurance	Insurance as a % of Home Mortgage Debt
1960	$ 0.3	$ 56.4	40.0%	1978	$ 80.5	$153.4	31.0%
1965	3.3	73.1	34.6	1979	95.2	172.9	30.8
1970	7.3	97.3	35.2	1980	105.3	195.2	31.2
1971	9.6	105.2	35.2	1981	114.3	207.6	31.0
1972	17.5	113.0	35.6	1982	124.2	217.9	31.8
1973	27.4	116.2	35.2	1983	148.0	248.8	33.4
1974	33.6	121.3	35.1	1984	192.0	265.9	34.7
1975	40.0	127.7	34.8	1985	223.7	288.8	35.0
1976	49.3	133.5	33.5	1986*	230.3	n.a.	n.a.
1977	62.8	141.6	31.8				

n.a. = not available.
*Preliminary.
Sources: Department of Housing and Urban Development; Federal Housing Administration; Federal Reserve Board; Mortgage Insurance Companies of America; Veterans Administration.

24. MORTGAGE FORECLOSURES BY ALL LENDERS†

Year-end	All Mortgage Loans	Conventional Loans	FHA Loans‡	VA Loans
1965	0.40%	0.08%	0.50%	0.40%
1970	0.33	0.08	0.47	0.25
1971	0.46	0.07	0.68	0.30
1972	0.48	0.07	0.75	0.34
1973	n.a.	n.a.	n.a.	n.a.
1974	0.50	0.15	0.57	0.40
1975	0.38	0.16	0.46	0.36
1976	0.40	0.18	0.48	0.41
1977	0.37	0.15	0.46	0.39
1978	0.31	0.13	0.42	0.32
1979	0.29	0.10	0.44	0.38
1980	0.38	0.17	0.53	0.46
1981	0.44	0.24	0.57	0.55
1982	0.67	0.39	0.88	0.76
1983	0.67	0.46	0.84	0.76
1984	0.73	0.47	0.98	0.82
1985	0.81	0.61	1.01	0.88
1986	0.98	0.69	1.22	1.14

n.a. = not available.
†Percentage of loans in the foreclosure process.
‡For 1974-1978, FHA loans exclude sections 235 and 237 loans.
Source: Mortgage Bankers Association of America.

25. PURCHASES AND SALES OF MORTGAGE LOANS, BY LENDER
(MILLIONS OF DOLLARS)

Year	Savings Associations†	Savings Banks	Commercial Banks	Mortgage Companies	Federal Credit Agencies	Mortgage Pools	All Others	Total
				Purchases				
1970	$ 3,694	$1,809	$ 818	$ 60	$ 5,687	$ 2,726	$1,612	$ 16,406
1971	7,508	2,433	1,312	415	4,243	4,554	1,203	21,668
1972	10,550	3,222	1,236	1,462	5,553	5,882	1,400	29,305
1973	7,019	2,517	1,176	1,396	8,371	5,007	2,081	27,567
1974	5,865	1,521	1,112	899	10,151	7,485	1,906	28,939
1975	8,471	1,751	431	820	12,526	12,829	1,776	38,604
1976	13,088	2,581	1,022	2,239	10,738	17,855	1,164	48,687
1977	14,791	3,409	2,216	4,236	11,363	26,015	1,974	64,004
1978	11,188	3,244	2,046	4,004	21,884	26,733	4,768	72,867
1979	12,235	2,891	2,410	5,856	17,864	33,423	7,076	81,755
1980	13,189	1,212	4,902	3,445	16,333	29,355	9,708	78,144
1981	10,596	371	4,150	4,708	14,221	24,110	7,961	66,117
1982	23,724	1,531	3,270	4,953	20,021	59,329	5,793	118,621
1983	44,966	2,748	5,107	13,174	26,923	88,122	8,816	189,856
1984	64,623	3,175	8,133	11,205	26,785	68,218	8,037	190,176
1985	64,992	2,934	11,953	20,944	32,953	114,294	9,604	257,674
1986	71,255	3,593	32,136	55,230	39,530	260,435	9,105	471,284
				Sales				
1970	$ 996	$ 283	$ 1,965	$ 12,509	$ 2,587	$ 331	$ 262	$ 18,933
1971	2,013	270	2,262	15,777	2,464	438	675	23,899
1972	3,582	341	2,727	17,831	4,791	323	1,052	30,647
1973	3,416	266	2,723	17,727	5,180	656	427	30,395
1974	3,527	376	2,430	16,164	3,794	1,132	139	27,562
1975	5,234	269	3,386	16,324	8,694	871	512	35,290
1976	8,641	548	4,792	19,144	12,842	850	248	47,065
1977	14,124	284	6,844	33,457	10,092	1,916	757	67,474
1978	15,775	352	7,638	42,602	13,270	2,505	673	82,815
1979	18,667	577	7,733	51,325	9,957	1,279	615	90,153
1980	16,140	782	8,403	36,987	10,463	4,059	295	77,129
1981	12,832	484	5,458	30,492	11,683	3,829	464	65,242
1982	54,446	2,218	8,298	30,893	12,697	4,321	415	113,288
1983	54,194	3,211	15,419	70,362	13,674	5,410	1,140	163,410
1984	64,097	3,374	13,610	56,571	12,244	6,044	2,768	158,708
1985	103,217	6,001	19,173	78,009	7,960	5,535	4,367	224,262
1986	164,585	15,482	31,581	162,800	15,943	1,422	2,280	394,093

†Includes federal savings banks insured by the FSLIC.
Source: Department of Housing and Urban Development.

26. MORTGAGE PORTFOLIO OF ALL SAVINGS INSTITUTIONS

Year-end	Loans Outstanding (Millions of Dollars)†			Number of Loans (Thousands)	Average Loan Balance
	One- to Four-family Homes	Other Properties	Total		
Savings Associations					
1960	$ 55,386	$ 4,684	$ 60,070	7,567	$ 7,938
1965	94,225	16,081	110,306	9,982	11,051
1970	124,543	25,788	150,331	10,951	13,728
1971	141,650	32,600	174,250	11,483	15,175
1972	166,410	39,772	206,182	12,223	16,869
1973	187,078	44,655	231,733	12,821	18,075
1974	200,987	48,314	249,301	12,912	19,308
1975	223,903	54,687	278,590	13,446	20,719
1976	260,794	62,211	323,005	13,933	23,183
1977	310,686	70,477	381,163	14,873	25,627
1978	356,114	76,694	432,808	15,480	27,960
1979	394,345	81,343	475,688	15,809	30,090
1980	419,763	83,049	502,812	16,059	31,311
1981	433,142	85,405	518,547	16,088	32,231
1982	393,323	90,291	483,614	15,017	32,204
1983	387,924	106,865	494,789	14,654	33,764
1984	421,489	133,788	555,277	13,893	39,969
1985	432,422	150,814	583,236	13,417	43,470
1986*	404,034	149,518	553,552	n.a.	n.a.
Savings Banks					
1960	$ 20,575	$ 6,360	$ 26,935	2,482	$10,850
1965	33,813	10,804	44,617	3,380	13,199
1970	42,149	15,799	57,948	3,711	15,616
1971	43,435	18,543	61,978	3,731	16,613
1972	46,229	21,327	67,556	3,769	17,922
1973	48,811	24,419	73,230	3,776	19,391
1974	49,213	25,707	74,920	3,686	20,324
1975	50,025	27,224	77,249	3,659	21,110
1976	53,089	28,550	81,639	3,635	22,459
1977	58,008	30,097	88,105	3,668	24,019
1978	63,260	31,897	95,157	3,699	25,726
1979	66,140	32,768	98,908	3,637	27,193
1980	67,489	32,376	99,865	3,570	27,977
1981	68,187	31,810	99,997	3,504	28,538
1982	64,488	29,964	94,452	3,388	28,867
1983	93,649	38,291	131,940	n.a.	n.a.
1984	107,302	47,139	154,441	n.a.	n.a.
1985	121,879	55,384	177,263	n.a.	n.a.
1986*	155,229	69,672	224,901	n.a.	n.a.

n.a. = not available.
*Preliminary.
†Beginning with 1970, includes (1) junior liens, (2) real estate sold on contract, and (3) collateral loans secured by assignment of first mortgage loans; beginning with 1973, excludes certain government-insured mortgage-type investments.
Sources: Federal Home Loan Bank Board; Federal Reserve Board; National Council of Savings Institutions; United States League of Savings Institutions.

27. MORTGAGE LENDING ACTIVITY OF FSLIC-INSURED INSTITUTIONS[1]
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Outstanding at Year-end[2]	Total Loans Acquired	Total Portfolio Inflows[3]	Turnover Ratio[4]
1960	$ 56,812	$ 14,653	$ 7,811	14.6%
1965	106,333	25,694	16,955	16.6
1970	146,043	24,505	14,355	10.2
1971	169,568	45,869	22,351	14.2
1972	200,876	60,636	29,305	15.8
1973	226,155	55,422	30,109	14.1
1974	243,554	43,962	26,735	11.4
1975	272,456	62,343	33,434	13.0
1976	316,332	89,901	45,786	15.6
1977	374,089	119,785	62,313	18.1
1978	424,969	119,255	67,681	16.9
1979	467,262	110,733	71,015	15.9
1980	494,179	84,225	59,195	12.3
1981	509,133	62,849	50,046	10.0
1982	473,656	76,669	94,982	[5]
1983	482,611	178,246	123,418	25.8
1984	599,021	245,463	145,274	25.9
1985	649,593	259,127	206,251	33.0
1986*	661,832	335,415	334,743	51.1

*Preliminary.
[1]Beginning with 1984, includes federal savings banks insured by the FSLIC.
[2]Beginning with 1970, includes (1) junior liens; (2) real estate sold on contract; and (3) collateral loans secured by the assignment of first mortgage loans; beginning with 1973, excludes participation certificates guaranteed by FHLMC, loans and notes insured by the Farmers Home Administration, and certain other government-insured mortgage-type investments; beginning with 1982, excludes certain balances that had been reported as liabilities.
[3]Repayments plus sales of loans and participations.
[4]Total inflows as a percentage of average mortgage portfolio.
[5]Not available on a comparable basis.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

28. MORTGAGE LENDING ACTIVITY OF ALL SAVINGS BANKS[1]
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Outstanding at Year-end	Total Loans Acquired	Total Portfolio Inflows[2]	Turnover Ratio[3]
1970	$ 57,948	$ 6,862	$ 4,283	7.5%
1971	61,978	10,647	6,005	10.0
1972	67,556	14,018	7,754	12.0
1973	73,230	14,630	7,463	10.6
1974	74,920	9,633	6,575	8.9
1975	77,249	9,929	6,513	8.6
1976	81,639	13,228	7,747	9.7
1977	88,105	16,896	8,935	10.5
1978	95,157	17,569	9,727	10.6
1979	98,908	16,154	8,957	9.2
1980	99,865	9,986	7,494	7.5
1981	99,997	7,752	8,695	8.7
1982	94,452	8,601	10,795	11.1
1983	131,940	19,772	17,468	15.4
1984	97,012	24,853	18,043	19.0
1985	89,695	29,599	24,762	26.5
1986*	81,673	53,782	48,031	56.1

*Preliminary.
[1]Beginning with 1984, excludes federal savings banks insured by the FSLIC.
[2]Repayments plus sales of loans and participations.
[3]Total inflows as a percentage of average mortgage portfolio.
Sources: Department of Housing and Urban Development; Federal Reserve Board.

29. MORTGAGE LOANS ACQUIRED BY FSLIC-INSURED INSTITUTIONS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Closed	Loans and Participations Purchased	Total Loans Acquired	Purchases as a % of Total Loans Acquired
1960	$ 13,802	$ 851	$ 14,653	5.8%
1965	23,309	2,385	25,694	9.3
1970	20,760	3,745	24,505	15.3
1971	38,341	7,528	45,869	16.4
1972	50,024	10,612	60,636	17.5
1973	48,193	7,229	55,422	13.0
1974	38,059	5,903	43,962	13.4
1975	53,799	8,544	62,343	13.7
1976	77,103	12,798	89,901	14.2
1977	105,287	14,498	119,785	12.1
1978	108,273	10,982	119,255	9.2
1979	98,730	12,003	110,733	10.8
1980	71,270	12,955	84,225	15.4
1981	52,333	10,516	62,849	16.7
1982	53,356	23,313	76,669	30.4
1983	132,441	45,805	178,246	25.7
1984	181,302‡	64,161	245,463	26.1
1985	196,750	62,377	259,127	24.1
1986*	265,547	69,868	335,415	20.8

*Preliminary.
†Beginning with 1984, includes federal savings banks insured by the FSLIC.
‡New series. All activity reported on a gross basis including refinancings and combination construction-purchase loans.
Source: Federal Home Loan Bank Board.

30. MORTGAGE LOANS ACQUIRED BY ALL SAVINGS BANKS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Closed	Loans and Participations Purchased	Total Loans Acquired	Purchases as a % of Total Loans Acquired
1970	$ 5,053	$1,809	$ 6,862	26.4%
1971	8,214	2,433	10,647	22.9
1972	10,796	3,222	14,018	23.0
1973	12,113	2,517	14,630	17.2
1974	8,112	1,521	9,633	15.8
1975	8,178	1,751	9,929	17.6
1976	10,647	2,581	13,228	19.5
1977	13,487	3,409	16,896	20.2
1978	14,325	3,244	17,569	18.5
1979	13,263	2,891	16,154	17.9
1980	8,774	1,212	9,986	12.1
1981	7,381	371	7,752	4.8
1982	7,070	1,531	8,601	17.8
1983	17,024	2,748	19,772	13.9
1984	21,678	3,175	24,853	12.8
1985	26,665	2,934	29,599	9.9
1986*	50,189	3,593	53,782	6.7

*Preliminary.
†Beginning with 1984, excludes federal savings banks insured by the FSLIC.
Source: Department of Housing and Urban Development.

31. MORTGAGE PORTFOLIO INFLOWS AT FSLIC-INSURED INSTITUTIONS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Cash Loan Repayments‡	Loans and Participations Sold	Total Inflows	Sales as a Percentage of Total Inflows
1970	$ 13,247	$ 1,108	$ 14,355	7.7%
1971	20,186	2,165	22,351	9.7
1972	25,591	3,714	29,305	12.7
1973	26,652	3,457	30,109	11.5
1974	23,231	3,504	26,735	13.1
1975	28,230	5,204	33,434	15.6
1976	37,337	8,449	45,786	18.5
1977	48,467	13,846	62,313	22.2
1978	52,196	15,485	67,681	22.9
1979	52,686	18,329	71,015	25.8
1980	43,339	15,856	59,195	26.8
1981	37,433	12,613	50,046	25.2
1982	41,548	53,434	94,982	56.3
1983	68,018	55,400	123,418	44.9
1984	81,455	63,819	145,274	43.9
1985	108,527	97,724	206,251	47.4
1986*	162,087	172,656	334,743	51.6

*Preliminary.
†Beginning with 1984, includes federal savings banks insured by the FSLIC.
‡For 1970-1978, includes miscellaneous credits and excludes debits for interest, taxes, insurance and miscellaneous charges.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

32. MORTGAGE PORTFOLIO INFLOWS AT ALL SAVINGS BANKS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loan Repayments‡	Loans and Participations Sold	Total Inflows	Sales as a Percentage of Total Inflows
1970	$ 4,000	$ 283	$ 4,283	6.6%
1971	5,735	270	6,005	4.5
1972	7,413	341	7,754	4.4
1973	7,197	266	7,463	3.6
1974	6,199	376	6,575	5.7
1975	6,244	269	6,513	4.1
1976	7,199	548	7,747	7.1
1977	8,651	284	8,935	3.2
1978	9,375	352	9,727	3.6
1979	8,380	577	8,957	6.4
1980	6,712	782	7,494	10.4
1981	8,211	484	8,695	5.6
1982	8,577	2,218	10,795	20.5
1983	14,257	3,211	17,468	18.4
1984	14,669	3,374	18,043	18.7
1985	18,761	6,001	24,762	24.2
1986*	32,549	15,482	48,031	32.2

*Preliminary.
†Beginning with 1984, excludes federal savings banks insured by the FSLIC.
‡For 1970-1980, excludes construction loan repayments.
Sources: Department of Housing and Urban Development; National Council of Savings Institutions.

33. MORTGAGE LOANS MADE BY ALL ASSOCIATIONS, BY PURPOSE OF LOAN
(MILLIONS OF DOLLARS)

Year	Home Construction	Home Purchase	All Other Purposes	Total
1960	$ 4,678	$ 6,132	$ 3,494	$ 14,304
1965	6,013	10,830	7,349	24,192
1970	4,150	10,238	6,998	21,386
1971	6,824	18,779	13,816	39,419
1972	8,548	26,594	16,227	51,369
1973	8,424	28,219	12,769	49,412
1974	6,503	22,641	9,814	38,958
1975	8,690	30,716	15,634	55,040
1976	12,960	45,727	20,089	78,776
1977	18,196	62,519	26,653	107,368
1978	20,136	65,585	24,573	110,294
1979	18,565	60,744	21,237	100,546
1980	13,515	41,919	17,103	72,537
1981	10,315	27,546	15,422	53,283
1982	9,129	20,462	24,707	54,298
1983	18,488	50,172	66,630	135,290
1984†	15,135	90,281	66,818	172,234
1985	16,127	97,269	66,642	180,038
1986*	17,545	143,984	58,415	219,944

*Preliminary.
†New series. All activity reported on a gross basis including refinancings and combination construction-purchase loans.
Source: Federal Home Loan Bank Board.

34. ONE- TO FOUR-FAMILY HOMES FINANCED BY ALL ASSOCIATIONS

	Thousands of Homes†		
Year	New Homes	Existing Homes	Total
1960	379	609	988
1965	375	823	1,198
1970	160	543	703
1971	247	913	1,160
1972	285	1,175	1,460
1973	660	887	1,547
1974	475	654	1,129
1975	510	853	1,363
1976	680	1,120	1,800
1977	840	1,320	2,160
1978	825	1,220	2,045
1979	690	960	1,650
1980	465	580	1,045
1981	330	345	675
1982	238	269	507
1983	442	674	1,116
1984	508	1,124	1,632
1985	466	1,153	1,619
1986	443	1,607	2,050

†Permanently financed new homes where the association did not make the construction loan were included in existing homes prior to 1973.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Institutions.

35. MORTGAGE LOANS MADE BY FSLIC-INSURED INSTITUTIONS, BY PURPOSE OF LOAN

Item	Millions of Dollars		Distribution of Loans Closed	
	1985	1986*	1985	1986*
Construction Loans:				
One- to Four-family Homes	$ 17,398	$ 21,282	8.8%	8.0%
Apartments	10,016	7,472	5.1	2.8
Other Structures	14,797	10,819	7.5	4.1
Permanent Loans:				
New One- to Four-family Homes	$ 22,089	$ 25,209	11.2%	9.5%
Existing One- to Four-family Homes	85,688	150,736	43.6	56.8
One- to Four-family Homes	$107,777	$175,945	54.8%	66.3%
Apartments	15,419	19,677	7.8	7.4
Other Improved Real Estate	20,283	21,788	10.3	8.2
Loans for Other Purposes	11,061	8,564	5.6	3.2
Total Loans Closed	$196,750	$265,547	100.0%	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Home Loan Bank Board.

Housing Data

36. PRIVATE AND PUBLIC HOUSING STARTS

Year	Private Units	Public Units	Total Units
1960	1,252,200	43,900	1,296,100
1965	1,472,800	36,900	1,509,700
1970	1,433,600	35,400	1,469,000
1971	2,052,200	32,300	2,084,500
1972	2,356,600	21,900	2,378,500
1973	2,045,300	12,200	2,057,500
1974	1,337,700	14,800	1,352,500
1975	1,160,400	10,900	1,171,400
1976	1,537,500	10,100	1,547,600
1977	1,987,100	14,600	2,001,700
1978	2,020,300	15,800	2,036,100
1979	1,745,100	14,800	1,760,000
1980	1,292,200	20,400	1,312,600
1981	1,084,200	16,100	1,100,300
1982	1,062,200	9,800	1,072,100
1983	1,703,000	9,400	1,712,500
1984	1,749,500	6,300	1,755,800
1985	1,741,800	3,100	1,745,000
1986*	1,806,000	1,600	1,807,600

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Bureau of the Census.

37. PRIVATE HOUSING STARTS, BY REGIONS

(THOUSANDS OF UNITS)

Year	North-east	North Central	South	West
1960	221	292	429	309
1965	270	362	575	266
1970	218	294	612	310
1971	264	434	869	486
1972	330	443	1,057	527
1973	277	440	899	429
1974	183	317	553	285
1975	149	294	442	275
1976	169	400	569	400
1977	202	465	783	538
1978	200	451	824	545
1979	178	349	748	470
1980	125	218	643	306
1981	117	165	562	240
1982	117	149	591	205
1983	168	218	935	382
1984	204	243	866	436
1985	252	240	782	468
1986*	293	296	733	484

*Preliminary.
Source: Bureau of the Census.

38. PRIVATE HOUSING STARTS, BY MONTHS

(SEASONALLY ADJUSTED ANNUAL RATE)

Month	Thousands of Units		
	1984	1985	1986*
January	1,897	1,754	2,004
February	2,260	1,673	1,923
March	1,663	1,810	1,887
April	1,851	1,816	1,945
May	1,774	1,683	1,848
June	1,843	1,678	1,842
July	1,732	1,681	1,786
August	1,586	1,743	1,800
September	1,698	1,679	1,689
October	1,590	1,813	1,657
November	1,689	1,690	1,637
December	1,612	1,887	1,808

*Preliminary.
Source: Department of Commerce.

39. SUBSIDIZED HOUSING STARTS

Year	Subsidized Units Started	Percentage of Total Starts
1965	62,589	4.1%
1970	429,192	29.2
1971	430,001	20.6
1972	332,300	14.0
1973	181,381	8.8
1974	87,149	6.4
1975	85,876	7.3
1976	130,144	8.4
1977	201,644	10.1
1978	263,322	12.9
1979	257,661	14.6
1980	129,287	9.8
1981	60,151	5.5
1982	87,681	8.2
1983	40,940	2.4
1984	15,893	0.9
1985	10,238	0.6
1986*	8,149	0.5

*Preliminary.
Sources: Bureau of the Census; Department of Housing and Urban Development.

40. PRIVATE HOUSING STARTS, BY NUMBER OF FAMILY UNITS

Year	One-family	Two-family	Three- and Four-family	Five or More	Total
1960	994,700	44,000	213,400		1,252,200
1965	963,700	50,800	35,800	422,500	1,472,800
1970	812,900	42,400	42,400	535,900	1,433,600
1971	1,151,000	55,100	65,200	780,900	2,052,200
1972	1,309,200	67,100	74,200	906,200	2,356,600
1973	1,132,000	54,200	64,100	795,000	2,045,300
1974	888,100	33,200	34,900	381,600	1,337,700
1975	892,200	34,500	29,500	204,300	1,160,400
1976	1,162,400	44,000	41,900	289,200	1,537,500
1977	1,450,900	60,700	61,000	414,400	1,987,100
1978	1,433,300	62,200	62,800	462,000	2,020,300
1979	1,194,100	56,100	65,900	429,000	1,745,100
1980	852,200	48,800	60,700	330,500	1,292,200
1981	705,400	38,200	52,900	287,700	1,084,200
1982	662,600	31,900	48,100	319,600	1,062,200
1983	1,067,600	41,800	71,700	522,000	1,703,000
1984	1,084,200	38,600	82,800	544,000	1,749,500
1985	1,072,400	37,000	56,400	576,100	1,741,800
1986*	1,179,300	36,100	48,000	542,600	1,806,000

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Bureau of the Census.

41. PRIVATE STARTS OF APARTMENTS

Year	Number of Buildings†	Number of Units
1965	24,300	422,500
1970	31,700	535,900
1971	48,900	780,900
1972	56,800	906,200
1973	50,800	795,000
1974	25,500	381,600
1975	14,700	204,300
1976	21,600	289,200
1977	30,500	414,400
1978	31,700	462,000
1979	30,600	429,000
1980	22,600	330,500
1981	19,700	287,700
1982	21,800	319,600
1983	38,600	522,000
1984	40,300	544,000
1985	42,300	576,100
1986*	38,900	542,600

*Preliminary.
†Apartment buildings with five or more units.
Source: Bureau of the Census.

42. MOBILE HOME SHIPMENTS

Year	Number of Units	% of Private Starts: Total	% of Private Starts: Single-family†
1960	103,700	8.3%	9.4%
1965	216,470	14.7	18.3
1970	401,190	28.0	33.0
1971	496,570	24.2	30.1
1972	575,940	24.4	30.6
1973	566,920	27.7	33.4
1974	329,300	24.6	27.0
1975	212,690	18.3	19.2
1976	246,120	16.0	17.5
1977	277,000	13.9	16.0
1978	275,900	13.7	16.1
1979	277,400	15.9	18.9
1980	221,600	17.1	20.6
1981	240,900	22.2	25.5
1982	239,600	22.6	26.6
1983	295,800	17.4	21.7
1984	295,600	16.9	21.4
1985	283,900	16.3	20.9
1986*	244,300	13.5	17.2

*Preliminary.
†Single-family conventional homes and mobile homes.
Sources: Department of Commerce; Manufactured Housing Institute; National Conference of States on Building Codes and Standards.

43. NEW AND EXISTING ONE-FAMILY HOMES SOLD

Year	Number (Thousands)			Dollar Volume (Billions)			Median Price	
	New Homes	Existing Homes	Total Homes	New Homes†	Existing Homes	Total Homes	New Homes	Existing Homes
1970	485	1,612	2,097	$12.9	$ 41.4	$ 54.3	$23,400	$23,000
1971	656	2,018	2,674	18.6	56.5	75.1	25,200	24,800
1972	718	2,252	2,970	21.9	67.8	89.7	27,600	26,700
1973	634	2,334	2,968	22.5	76.8	99.3	32,500	28,900
1974	519	2,272	2,791	20.2	81.3	101.5	35,900	32,000
1975	549	2,476	3,025	23.4	96.6	120.0	39,300	35,300
1976	646	3,064	3,710	31.0	129.3	160.3	44,200	38,100
1977	819	3,650	4,469	44.4	174.8	219.2	48,800	42,900
1978	817	3,986	4,803	51.1	221.2	272.3	55,700	48,700
1979	709	3,827	4,536	50.9	245.7	296.6	62,900	55,700
1980	545	2,973	3,518	41.6	216.4	258.0	64,600	62,200
1981	436	2,419	2,855	36.2	189.4	225.6	68,900	66,400
1982	412	1,990	2,402	34.6	160.2	194.8	69,300	67,800
1983	623	2,719	3,342	55.9	225.9	281.8	75,300	70,300
1984	639	2,868	3,507	62.4	246.6	309.0	79,900	72,400
1985	688	3,214	3,902	69.4	291.9	361.3	84,300	75,500
1986*	749	3,565	4,314	83.7	351.5	435.2	91,700	80,300

*Preliminary.
†Computed from number of homes sold and average sales price.
Sources: Bureau of the Census; National Association of Realtors.

44. NEW ONE-FAMILY HOMES SOLD, BY PRICE
(THOUSANDS)

Year	Less than $50,000	$50,000-59,999	$60,000-79,999	$80,000-99,999	$100,000-119,999	$120,000-149,999	$150,000 or More
1973	555	40			38		
1974	430	48			40		
1975	415	65			69		
1976	418	100			127		
1977	433	149	150	52	18	19	
1978	316	156	194	82	31	38	
1979	184	135	198	92	38	61	
1980	137	97	149	68	31	63	
1981	88	70	119	63	31	29	31
1982	67	68	130	61	26	26	34
1983	65	84	205	113	49	50	58
1984	47	75	199	126	57	59	75
1985	51	67	193	141	68	73	94
1986*	89		181	164	92	83	140

*Preliminary.
Source: Bureau of the Census and Department of Housing and Urban Development.

45. INVENTORY OF UNSOLD SPECULATIVELY BUILT ONE-FAMILY HOMES AND NUMBER OF MONTHS REQUIRED TO CLEAR INVENTORY

(SEASONALLY ADJUSTED ANNUAL RATES)

Month	Unsold Homes (Thousands)			Months to Clear Inventory		
	1984	1985	1986*	1984	1985	1986*
January	303	355	352	5.3	6.9	6.0
February	302	359	352	5.3	6.5	5.9
March	320	356	338	6.0	6.2	4.5
April	327	355	336	5.9	6.6	4.5
May	332	355	336	6.5	6.3	5.3
June	338	354	340	6.6	6.0	5.8
July	340	351	349	6.8	5.7	6.1
August	344	348	352	7.5	5.9	7.0
September	343	350	355	6.5	6.4	5.9
October	346	353	357	6.1	6.5	6.2
November	349	353	354	7.3	6.0	6.2
December	357	349	362	7.1	5.7	5.9

*Preliminary.
Source: Bureau of the Census and Department of Housing and Urban Development.

46. NUMBER OF FAMILIES AND HOUSEHOLDS

Year†	Total (Thousands)			Annual Change (Thousands)		
	All Households	Families	Other Households	All Households	Families	Other Households
1960	52,799	45,111	7,688	1,364	879	485
1965	57,436	47,956	9,480	1,287	416	871
1970	63,401	51,586	11,815	1,187	763	424
1971	64,778	52,227	12,551	1,377	641	736
1972	66,676	53,296	13,380	1,898	1,069	829
1973	68,251	54,373	13,878	1,575	1,077	498
1974	69,859	55,053	14,806	1,608	680	928
1975	71,120	55,712	15,408	1,261	659	602
1976	72,867	56,245	16,622	1,747	533	1,214
1977	74,142	56,710	17,432	1,275	465	810
1978	76,030	57,215	18,815	1,888	505	1,383
1979	77,330	57,804	19,526	1,300	589	711
1980	80,776	59,550	21,226	3,446	1,746	1,700
1981	82,368	60,309	22,059	1,592	759	833
1982	83,527	61,019	22,508	1,159	710	449
1983	83,918	61,393	22,525	391	374	17
1984	85,290	61,997	23,293	1,372	604	768
1985	86,789	62,706	24,083	1,499	709	790
1986	88,458	63,558	24,900	1,669	852	817

†As of March.
Source: Bureau of the Census.

47. HOMEOWNERSHIP RATES, 1890-1986

Year	Percentage Owned	Percentage Rented
1890	47.8%	52.2%
1900	46.7	53.3
1910	45.9	54.1
1920	45.6	54.4
1930	47.8	52.2
1940	43.6	56.4
1950	55.0	45.0
1960	61.9	38.1
1970	62.9	37.1
1980	65.6	34.4
1981	65.4	34.6
1982	64.8	35.2
1983	64.7	35.3
1984	64.5	35.5
1985	63.9	36.1
1986	63.8	36.2

Source: Bureau of the Census.

48. APARTMENT ABSORPTION RATES†

Year	1st Q	2nd Q	3rd Q	4th Q
1970	69%	74%	77%	65%
1971	68	69	72	62
1972	61	73	69	67
1973	64	74	76	63
1974	67	73	72	60
1975	61	72	75	75
1976	79	86	79	78
1977	77	83	83	78
1978	79	84	83	81
1979	83	84	82	81
1980	72	79	76	70
1981	77	84	79	81
1982	76	79	73	61
1983	59	69	76	68
1984	68	72	64	64
1985	64	68	66	62
1986	65	66	71	n.a.

n.a. = not available.
†Percentage of units rented within three months after completion.
Source: Bureau of the Census.

49. RENTAL AND HOMEOWNER VACANCY RATES

Year	Rental Units	Homeowner Units
1960	8.1%	1.3%
1965	8.3	1.5
1970	5.3	1.0
1971	5.4	1.0
1972	5.6	1.0
1973	5.8	1.0
1974	6.2	1.2
1975	6.0	1.2
1976	5.6	1.2
1977	5.2	1.2
1978	5.0	1.1
1979	5.4	1.1
1980	5.4	1.3
1981	5.0	1.4
1982	5.3	1.5
1983	5.7	1.5
1984	5.9	1.7
1985	6.5	1.7
1986	7.4	1.6

Source: Bureau of the Census.

50. RESIDENTIAL CONSTRUCTION COSTS AND CONSUMER PRICES

Year	Boeckh Index†	Percentage Change: Residential Construction Costs	Percentage Change: Consumer Prices
1960	25.6	1.6%	1.6%
1965	28.3	3.2	1.7
1970	38.4	5.4	5.9
1971	41.6	8.3	4.3
1972	45.6	9.6	3.4
1973	49.8	9.2	6.2
1974	53.9	8.2	11.0
1975	57.5	6.7	9.1
1976	62.2	8.2	5.8
1977	67.8	9.0	6.5
1978	73.9	9.0	7.7
1979	80.7	9.2	11.3
1980	87.4	8.3	13.5
1981	92.2	5.5	10.4
1982	100.0	8.5	6.1
1983	105.9	5.9	3.2
1984	111.9	5.7	4.3
1985	115.1	2.9	3.6
1986	117.3	1.9	1.9

†Boeckh Index of Residential Construction Costs; 1982 = 100.
Sources: E. H. Boeckh and Associates; Department of Labor.

51. ANNUAL DOLLAR VOLUME OF NEW CONSTRUCTION
(DOLLAR AMOUNTS IN BILLIONS)

Item	1982	1983	1984	1985	1986*
Gross National Product	$3,166.0	$3,405.7	$3,765.0	$3,998.1	$4,208.5
Private Domestic Investment	$ 447.3	$ 502.3	$ 662.1	$ 661.1	$ 686.4
Construction Expenditures:					
Total Private	$ 193.6	$ 228.5	$ 272.0	$ 292.8	$ 305.7
Total Public	50.8	50.7	55.2	62.8	71.2
Total Private and Public	$ 244.4	$ 279.2	$ 327.2	$ 355.6	$ 376.9
Total Private Residential	$ 85.4	$ 126.6	$ 155.1	$ 158.8	$ 174.6
Private Construction as a Percentage of Total Construction	79.2%	81.8%	83.1%	82.3%	81.1%
Private Residential Construction as a Percentage of:					
Gross National Product	2.7%	3.7%	4.1%	4.0%	4.1%
Private Domestic Investment	19.1	25.2	23.4	24.0	25.4
Total Private Construction	44.1	55.4	57.0	54.2	57.1
Total Private and Public Construction	34.9	45.3	47.4	44.7	46.3

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Department of Commerce.

Savings Institution Operations Data

52. TOTAL ASSETS OF FINANCIAL INTERMEDIARIES AT YEAR-END (BILLIONS OF DOLLARS)

Financial Intermediary	1960	1970	1975	1980	1985	1986*
Commercial Banks	$257.6	$ 576.2	$ 964.9	$1,703.7	$2,483.8	$2,799.7
Savings Institutions:						
Savings Associations	71.5	176.2	338.2	630.7	948.8	963.2
Savings Banks	40.6	79.0	121.1	171.6	325.7	443.7
Total	112.1	255.2	459.3	802.3	1,274.5	1,406.9
Life Insurance Companies	119.6	207.3	289.3	479.2	825.9	934.0
Private Pension Funds	38.1	110.4	212.6	467.4	757.4	763.6
State and Local Pension Funds	19.7	60.3	104.8	198.1	432.1	479.6
Finance Companies	27.6	64.1	99.1	205.0	357.9	410.1
Money Market Funds	...	...	3.7	74.4	207.5	228.3
Investment Companies	17.0	47.6	42.2	58.4	251.7	424.1
Credit Unions	6.3	18.0	36.9	69.0	137.2	165.8
Total	$598.0	$1,339.1	$2,212.8	$4,057.5	$6,728.0	$7,612.1

*Preliminary
Sources: CUNA International, Inc.; Federal Home Loan Bank Board; Federal Reserve Board; Institute of Life Insurance; Investment Company Institute; National Council of Savings Institutions; United States League of Savings Institutions.

53. DISTRIBUTION OF FSLIC-INSURED SAVINGS INSTITUTIONS, BY ASSET SIZE, DECEMBER 31, 1986

Asset Size (Millions)	Number of Associations	Percentage of Total	Assets (Millions)	Percentage of Total
Under $25	392	12.1%	$ 6,069	0.5%
$ 25 and under $ 50	556	17.2	20,558	1.8
$ 50 and under $ 100	710	22.0	50,491	4.3
$ 100 and under $ 250	811	25.1	128,297	11.0
$ 250 and under $ 500	345	10.7	117,723	10.1
$ 500 and under $1,000	194	6.0	136,499	11.7
$1,000 and under $5,000	187	5.8	369,006	31.7
$5,000 and over	32	1.0	336,647	28.9
Total	3,227	100.0%	$1,165,291	100.0%

Note: Components may not add to totals due to rounding.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

54. PERMANENT STOCK SAVINGS ASSOCIATIONS (DOLLAR AMOUNTS IN MILLIONS)

State	December 31, 1985 Number of Associations	December 31, 1985 Total Assets	December 31, 1986 Number of Associations	December 31, 1986 Total Assets
California	172	$237,226	176	$273,568
Texas	215	80,245	215	82,837
Florida	66	37,956	87	48,509
Other States	459	163,151	496	203,679
Total	912	$518,578	974	$608,593

Sources: Federal Home Loan Bank Board; State supervisory reports.

55. NUMBER AND ASSETS OF ALL SAVINGS INSTITUTIONS, BY STATE, DECEMBER 31, 1986*

State	All Savings Associations		All Savings Banks		All Savings Institutions	
	Number of Associations	Total Assets (Millions)	Number of Banks	Total Assets (Millions)	Number of Institutions	Total Assets (Millions)
Alabama	32	$ 7,995	5	$ 546	37	$ 8,541
Alaska	3	223	2	409	5	632
Arizona	12	12,403	2	9,245	14	21,648
Arkansas	31	6,650	8	1,673	39	8,323
California	202	288,742	14	21,468	216	310,210
Colorado	32	11,223	6	4,475	38	15,698
Connecticut	27	9,350	61	28,534	88	37,884
Delaware	3	135	3	1,535	6	1,670
District of Columbia	5	4,084	1	184	6	4,268
Florida	132	73,640	24	9,910	156	83,550
Georgia	55	9,992	12	6,181	67	16,173
Guam	2	86	0	0	2	86
Hawaii	5	3,229	1	475	6	3,704
Idaho	8	1,450	1	81	9	1,531
Illinois	241	53,428	26	11,778	267	65,206
Indiana	92	7,551	26	5,231	118	12,782
Iowa	43	6,990	10	2,241	53	9,231
Kansas	55	16,425	3	445	58	16,870
Kentucky	60	5,991	7	1,228	67	7,219
Louisiana	85	13,844	17	1,729	102	15,573
Maine	11	953	24	5,201	35	6,154
Maryland	81	14,206	15	5,739	96	19,945
Massachusetts	110	8,975	156	41,647	266	50,622
Michigan	33	19,453	18	15,345	51	34,798
Minnesota	28	11,748	9	4,323	37	16,071
Mississippi	33	2,088	12	2,721	45	4,809
Missouri	82	21,699	4	283	86	21,982
Montana	8	753	2	255	10	1,008
Nebraska	20	8,208	3	882	23	9,090
Nevada	6	4,061	1	39	7	4,100
New Hampshire	8	1,290	27	6,337	35	7,627
New Jersey	153	36,782	23	26,623	176	63,405
New Mexico	17	4,858	8	1,010	25	5,868
New York	65	18,392	98	124,481	163	142,873
North Carolina	138	19,099	2	253	140	19,352
North Dakota	3	341	3	3,591	6	3,932
Ohio	220	43,814	16	13,070	236	56,884
Oklahoma	46	9,391	7	698	53	10,089
Oregon	21	8,247	2	2,439	23	10,686
Pennsylvania	220	35,432	16	23,000	236	58,432
Puerto Rico	1	1,108	9	4,472	10	5,580
Rhode Island	2	80	6	6,750	8	6,830
South Carolina	41	8,464	8	1,949	49	10,413
South Dakota	10	1,157	3	233	13	1,390
Tennessee	49	8,661	15	1,954	64	10,615
Texas	271	96,520	10	1,042	281	97,562
Utah	14	5,943	0	0	14	5,943
Vermont	3	94	6	1,587	9	1,681
Virginia	54	15,620	12	7,284	66	22,904
Washington	34	9,107	15	16,298	49	25,405
West Virginia	16	1,180	3	936	19	2,116
Wisconsin	78	15,652	2	254	80	15,906
Wyoming	10	1,021	1	275	11	1,296
Entire U.S.	3,132	$963,163	855	$443,655	3,987	$1,406,818

n.a. = not available.
Note: Components do not add to totals because of differences in reporting dates and accounting systems.
*Preliminary.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions; U.S. League of Savings Institutions.

56. NUMBER AND ASSETS OF ALL SAVINGS ASSOCIATIONS, BY CHARTER

Year-end	Federally Chartered†	State-chartered			Grand Total
		Total	FSLIC-insured	Noninsured‡	
1960	1,873	4,447	2,225	2,222	6,320
1965	2,011	4,174	2,497	1,677	6,185
1970	2,067	3,602	2,298	1,304	5,669
1971	2,049	3,425	2,222	1,203	5,474
1972	2,044	3,254	2,147	1,107	5,298
1973	2,040	3,130	2,123	1,007	5,170
1974	2,060	2,963	2,081	882	5,023
1975	2,048	2,883	2,030	853	4,931
1976	2,019	2,802	2,025	777	4,821
1977	2,012	2,749	2,053	696	4,761
1978	2,000	2,725	2,053	672	4,725
1979	1,989	2,695	2,050	645	4,684
1980	1,985	2,628	2,017	611	4,613
1981	1,907	2,385	1,872	513	4,292
1982	1,727	2,098	1,616	482	3,825
1983	1,553	1,949	1,487	462	3,502
1984	1,478	1,913	1,460	453	3,391
1985	1,419	1,778	1,525	253	3,197
1986*	1,336	1,796	1,480	316	3,132
		Millions of Dollars			
1960	$ 38,511	$ 32,965	$ 28,919	$ 4,046	$ 71,476
1965	66,715	62,865	57,861	5,004	129,580
1970	96,259	79,924	74,386	5,538	176,183
1971	114,229	91,794	85,755	6,039	206,023
1972	135,925	107,202	100,424	6,778	243,127
1973	152,240	119,665	112,557	7,108	271,905
1974	167,671	127,874	120,552	7,322	295,545
1975	195,410	142,823	134,849	7,974	338,233
1976	225,763	166,144	157,409	8,735	391,907
1977	261,920	197,321	188,078	9,243	459,241
1978	298,195	225,347	215,115	10,232	523,542
1979	323,058	255,904	245,049	10,855	578,962
1980	348,461	281,368	270,004	11,364	629,829
1981	407,351	256,816	243,717	13,099	664,167
1982	483,898	223,748	208,765	14,983	707,646
1983	499,254	274,163	254,946	19,217	773,417
1984	528,104	374,345	351,851	22,494	902,449
1985	552,112	396,669	385,264	11,405	948,781
1986*	536,215	426,948	417,184	9,764	963,163

*Preliminary.
†All federally chartered associations are insured by the Federal Savings and Loan Insurance Corporation.
‡Includes the assets of institutions insured by state insuring agencies.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

57. NUMBER AND ASSETS OF ALL SAVINGS BANKS, BY INSURANCE STATUS

Year-end	Total Insured				Grand Total
	Total†	By FDIC	By FSLIC	By State Funds	
1960	502	325	. . .	185	515
1965	501	330	. . .	179	506
1970	493	329	. . .	172	494
1971	489	327	. . .	170	490
1972	485	326	. . .	167	486
1973	481	322	. . .	167	482
1974	479	320	. . .	167	480
1975	475	329	. . .	166	476
1976	473	331	. . .	166	473
1977	467	323	. . .	166	467
1978	465	325	. . .	163	465
1979	463	324	. . .	163	463
1980	463	323	3	162	463
1981	448	331	6	159	448
1982	424	315	6	155	424
1983	534	294	143	146	534
1984	602	291	229	n.a.	602
1985	666	364	302	n.a.	666
1986*	855	445	410	n.a.	855
	Millions of Dollars				
1960	n.a.	$ 35,092	. . .	n.a.	$ 40,571
1965	n.a.	50,500	. . .	n.a.	58,232
1970	n.a.	68,740	. . .	n.a.	78,995
1971	n.a.	77,892	. . .	n.a.	89,581
1972	n.a.	87,650	. . .	n.a.	100,593
1973	n.a.	93,013	. . .	n.a.	106,650
1974	n.a.	95,589	. . .	n.a.	109,550
1975	n.a.	107,281	. . .	n.a.	121,056
1976	n.a.	120,840	. . .	n.a.	134,812
1977	n.a.	132,201	. . .	n.a.	147,287
1978	n.a.	142,353	. . .	n.a.	158,174
1979	n.a.	147,112	. . .	n.a.	163,405
1980	n.a.	152,566	n.a.	n.a.	171,564
1981	n.a.	156,121	n.a.	n.a.	175,728
1982	n.a.	155,234	$ 6,859	n.a.	174,197
1983	n.a.	170,782	64,969	n.a.	244,501
1984	n.a.	179,051	98,559	n.a.	288,085
1985	n.a.	194,247	131,333	n.a.	325,662
1986*	n.a.	216,973	211,367	n.a.	443,655

n.a. = not available.
*Preliminary.
†Data on insured savings banks do not add to total because some institutions are both FDIC-insured and state-insured.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; National Council of Savings Institutions.

58. STATEMENT OF OPERATIONS OF FSLIC-INSURED SAVINGS INSTITUTIONS
(MILLIONS OF DOLLARS)

Year	Operating Income	Operating Expense	Net Operating Income	Interest on Savings Deposits	Interest on Borrowed Money	Net Income before Taxes	Taxes	Net Income after Taxes
1960	$ 3,503	$ 766	$ 2,737	$ 2,118	$ 78	$ 552	$ 4	$ 548
1965	6,821	1,317	5,504	4,309	243	950	154	796
1970	10,675	1,902	8,773	6,895	764	1,166	241	925
1971	12,668	2,113	10,555	8,274	603	1,748	434	1,314
1972	15,209	2,485	12,724	9,967	479	2,317	630	1,687
1973	18,280	2,975	15,305	11,688	917	2,655	758	1,897
1974	20,981	3,443	17,538	13,646	1,671	2,144	661	1,483
1975	23,719	3,949	19,770	16,020	1,600	2,082	634	1,448
1976	28,217	4,582	23,635	19,090	1,393	3,219	969	2,250
1977	33,890	5,328	28,562	22,547	1,506	4,610	1,412	3,198
1978	40,589	6,177	34,412	26,024	2,667	5,717	1,799	3,918
1979	48,606	7,088	41,518	32,151	4,299	5,198	1,578	3,620
1980	56,135	7,920	48,215	41,627	5,801	1,193	409	784
1981	65,152	8,976	56,176	54,075	9,206	–6,148	–1,516	–4,632
1982	71,509	10,104	61,405	58,600	11,653	–5,869	–1,598	–4,271
1983	79,983	12,298	67,686	58,275	9,380	2,561	593	1,968
1984	100,610	15,326	85,284	71,790	12,615	1,871	770	1,101
1985	110,517	19,527	90,990	73,471	14,058	5,951	2,112	3,839
1986*	110,987	22,981	88,006	68,045	15,437	4,282	3,167	1,115

Note: Components do not add to totals because of the exclusion of some nonoperating income and expense items.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

59. STATEMENT OF OPERATIONS OF FDIC-INSURED SAVINGS BANKS
(MILLIONS OF DOLLARS)

Year	Operating Income	Operating Expense	Net Operating Income	Interest on Savings Deposits	Interest on Borrowed Money†	Net Income before Taxes	Taxes	Net Income after Taxes
1960	$ 1,462	$ 225	$ 1,237	$ 1,074	n.a.	$ 182	$ 14	$ 168
1965	2,392	312	2,080	1,809	n.a.	252	29	223
1970	3,875	501	3,374	2,987	$ 20	245	78	167
1971	4,529	574	3,955	3,419	8	471	127	344
1972	5,295	665	4,630	3,943	7	665	186	479
1973	6,065	783	5,282	4,481	29	686	208	478
1974‡	6,494	920	5,574	4,917	66	480	162	318
1975	7,188	1,074	6,114	5,496	55	537	172	365
1976	8,331	1,313	7,018	6,288	45	734	227	507
1977	9,434	1,476	7,958	6,997	47	962	280	682
1978	10,668	1,674	8,994	7,707	122	1,120	311	809
1979	11,967	1,807	10,160	8,958	295	908	259	649
1980	13,029	2,079	10,950	10,635	554	– 204	45	– 249
1981	14,640	2,240	12,400	13,196	853	–1,582	–134	–1,448
1982	15,140	2,379	12,761	13,256	950	–1,253	– 24	–1,229
1983	15,921	2,570	13,351	12,826	570	– 10	119	– 129
1984	14,802	2,450	12,352	11,497	649	163	141	22
1985	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1986	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Note: Components do not add to totals because of the exclusion of some nonoperating income and expense items.
†Beginning with 1979, includes expense of federal funds purchased and securities sold under repurchase agreement and interest on subordinated notes and debentures previously included in operating expense.
‡Not entirely comparable with prior years, due to accounting changes.
Source: Federal Deposit Insurance Corporation.

60. TOTAL OPERATING INCOME OF FSLIC-INSURED SAVINGS INSTITUTIONS (PERCENTAGE DISTRIBUTION)

Year	Interest on Mortgage Loans	Interest on Investments	Loan Fees and Discounts	All Other
1960	83.3%	5.1%	11.6%	
1965	86.8	5.4	3.5%	4.3%
1970	84.3	7.7	3.7	4.3
1971	82.6	8.8	4.9	3.7
1972	83.4	7.9	5.3	3.4
1973	83.5	8.3	4.4	3.8
1974	82.3	9.1	3.6	5.0
1975	81.6	8.6	4.1	5.7
1976	80.5	7.6	4.7	7.2
1977	80.8	6.8	5.0	7.4
1978	80.5	7.5	4.4	7.6
1979	78.8	9.1	3.7	8.4
1980	77.2	10.0	3.2	9.6
1981	74.9	11.6	2.7	10.8
1982	71.0	11.4	3.9	13.7
1983	64.9	11.3	5.9	17.9
1984	61.9	11.9	5.2	21.0
1985	62.5	10.6	4.7	22.2
1986*	60.4	9.9	5.1	24.6

*Preliminary.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Institutions.

61. TOTAL EXPENSE OF FSLIC-INSURED SAVINGS INSTITUTIONS (PERCENTAGE DISTRIBUTION)

Year	Interest on Savings Deposits	Interest on Borrowed Money	Compensation	All Other
1960	71.4%	2.6%	11.4%	14.6%
1965	73.2	4.0	10.4	12.4
1970	71.6	7.9	9.0	11.5
1971	74.8	5.5	9.0	10.7
1972	76.6	3.7	8.9	10.8
1973	74.3	5.8	8.7	11.2
1974	72.0	8.8	8.4	10.8
1975	73.4	7.3	8.3	11.0
1976	75.2	5.5	8.4	10.9
1977	75.9	5.1	8.5	10.5
1978	73.9	7.6	8.3	10.2
1979	73.2	9.8	7.8	9.2
1980	74.7	10.4	6.8	8.1
1981	74.4	12.7	5.9	7.0
1982	71.8	14.3	5.6	8.3
1983	71.5	11.5	6.5	10.5
1984	69.9	12.3	6.7	11.1
1985	65.8	12.6	7.3	14.3
1986*	57.4	13.0	8.0	21.6

*Preliminary.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Institutions.

62. TOTAL OPERATING INCOME OF FDIC-INSURED SAVINGS BANKS

Year	Interest and Fees on Mortgage Loans	Interest on Investments	All Other
1960	73.2%	24.1%	2.7%
1965	81.6	15.0	3.4
1970	76.5	17.9	5.6
1971	72.3	22.3	5.4
1972	69.7	25.1	5.2
1973	68.8	24.1	7.1
1974†	69.3	23.0	7.7
1975	67.0	26.6	6.4
1976	62.7	31.1	6.2
1977	60.9	32.2	6.9
1978	60.9	30.9	8.2
1979	59.9	32.5	7.6
1980	58.6	31.2	10.2
1981	54.9	30.9	14.2
1982	52.6	29.6	17.8
1983	52.8	31.1	16.1
1984	62.3‡	31.2	6.5
1985	n.a.	n.a.	n.a.
1986	n.a.	n.a.	n.a.

n.a. = not available.
†Beginning in 1974, data are not entirely comparable with prior years, due to accounting changes.
‡Interest and fees on all loans.
Source: Federal Deposit Insurance Corporation.

63. TOTAL EXPENSE OF FDIC-INSURED SAVINGS BANKS (PERCENTAGE DISTRIBUTION)

Year	Interest on Savings Deposits	Interest on Borrowed Money	Compensation	All Other
1960	82.7%	n.a.	10.1%	7.2%
1965	85.3	n.a.	8.1	6.6
1970	85.2	0.6%	7.5	6.7
1971	85.5	0.2	7.5	6.8
1972	85.4	0.1	7.2	7.3
1973	84.7	0.5	7.2	7.6
1974†	83.3	1.1	7.2	8.4
1975	83.0	0.8	7.3	8.9
1976	82.2	0.6	7.3	9.9
1977	82.1	0.6	7.3	10.0
1978	81.1	1.3	7.6	10.0
1979	81.0	2.7	7.4	8.9
1980	80.2	4.2	7.0	8.6
1981	81.0	5.2	6.3	7.5
1982	79.9	5.7	6.2	8.2
1983	79.8	3.5	7.1	9.6
1984	78.8	4.4	7.3	9.5
1985	n.a.	n.a.	n.a.	n.a.
1986	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
†Beginning in 1974, data are not entirely comparable with prior years, due to accounting changes.
Source: Federal Deposit Insurance Corporation.

64. INCOME AND EXPENSE RATIOS OF FSLIC-INSURED SAVINGS INSTITUTIONS†

Item	1984	1985	1986*	Annual Change 1985	Annual Change 1986*
Operating Income	11.23%	10.80%	9.93%	–0.43%	–0.87%
Operating Expenses	1.71	1.91	2.06	0.20	0.15
Net Operating Income	9.52%	8.89%	7.87%	–0.63%	–1.02%
Interest on Savings Deposits	8.01	7.18	6.09	–0.83	–1.09
Interest on Borrowed Money	1.41	1.37	1.38	–0.04	0.01
Nonoperating Income and Expense (Net)	0.09	0.24	–0.03	0.15	–0.27
Net Income before Taxes	0.20%	0.59%	0.37%	0.39%	–0.22%
Taxes	0.09	0.21	0.28	0.12	0.07
Net Income after Taxes (Return on Assets)	0.12%	0.39%	0.09%	0.27%	–0.30%

Note: Components may not add to totals due to rounding.
*Preliminary.
†Income and expense items as a percentage of average assets excluding loans in process or contra-assets.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

65. INCOME AND EXPENSE RATIOS OF FDIC-INSURED SAVINGS BANKS†

Item	1982	1983	1984‡	Annual Change 1983	Annual Change 1984‡
Operating Income	9.69%	9.80%	8.46%	0.11%	–1.34%
Operating Expenses	1.52	1.58	1.40	0.06	–0.18
Net Operating Income	8.17%	8.21%	7.06%	0.04%	–1.15%
Interest on Savings Deposits	8.48	7.89	6.57	–0.59	–1.32
Interest on Borrowed Money	0.61	0.35	0.37	–0.26	0.02
Net Realized Gains or Losses (Net)	0.12	0.02	–0.03	–0.10	–0.05
Net Income before Taxes	–0.80%	–0.01%	0.09%	0.79%	0.10%
Taxes	–0.02	0.07	0.08	0.09	0.01
Net Income after Taxes (Return on Assets)	–0.79%	–0.08%	0.01%	0.71%	0.09%

Note: Components may not add to totals due to rounding.
†Income and expense items as a percentage of average assets.
‡1985 and 1986 data not available.
Source: Federal Deposit Insurance Corporation.

66. SELECTED SIGNIFICANT RATIOS OF FEDERALLY INSURED SAVINGS INSTITUTIONS

	FSLIC-insured Savings Institutions				FDIC-insured Savings Banks			
Year	Asset Utilization[1]	Profit Margin[2]	Return on Equity[3]	Return on Average Assets[4]	Asset Utilization[1]	Profit Margin[2]	Return on Equity[3]	Return on Average Assets[4]
1960	5.55%	15.55%	12.35%	0.86%	4.25%	11.50%	5.76%	0.49%
1965	5.72	11.63	9.83	0.67	4.93	9.33	5.83	0.46
1970	6.60	8.56	8.02	0.57	5.87	4.31	3.37	0.25
1971	6.93	10.24	10.51	0.71	6.15	7.59	6.56	0.47
1972	7.02	11.01	12.14	0.77	6.38	9.05	8.41	0.58
1973	7.34	10.31	12.15	0.76	6.68	7.88	7.64	0.53
1974	7.63	7.03	8.63	0.54	6.87	4.89	4.85	0.33
1975	7.73	6.06	7.82	0.47	7.06	5.08	5.30	0.36
1976	8.01	7.87	11.10	0.63	7.29	6.09	6.81	0.44
1977	8.23	9.32	13.94	0.77	7.43	7.23	8.39	0.54
1978	8.50	9.57	14.84	0.82	7.75	7.58	9.09	0.59
1979	9.08	7.37	12.06	0.67	8.24	5.42	6.79	0.45
1980	9.60	1.38	2.44	0.13	8.67	– 1.58	– 2.56	–0.17
1981	10.48	– 6.96	–15.44	–0.73	9.41	– 9.89	–15.97	–0.93
1982	11.27	– 5.64	–16.13	–0.65	9.68	– 8.12	–15.62	–0.78
1983	11.20	2.34	6.77	0.27	9.32	– 0.81	– 1.65	–0.07
1984	11.66	1.05	3.15	0.12	8.46	0.15	0.26	0.01
1985	11.49	3.27	9.14	0.39	n.a.	n.a.	n.a.	n.a.
1986*	10.70	0.93	2.24	0.09	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Note: Beginning in 1982, average assets exclude certain contra-asset balances that had been reported as liabilities.
*Preliminary.
[1]Total income divided by average assets (net of loans in process or contra-assets).
[2]Net after-tax income divided by total income.
[3]Net after-tax income divided by average net worth.
[4]Net after-tax income divided by average assets (net of loans in process or contra-assets).
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; United States League of Savings Institutions.

67. NUMBER OF SAVINGS INSTITUTION OFFICES

Year-end	Savings Association Offices			Savings Bank Offices			All Savings Institution Offices		
	Main	Branch†	Total	Main	Branch	Total	Main	Branch	Total
1960	6,320	1,611	7,931	515	487	1,002	6,835	2,098	8,933
1965	6,185	2,994	9,179	506	716	1,222	6,691	3,710	10,401
1970	5,669	4,318	9,987	494	1,087	1,581	6,163	5,405	11,568
1971	5,474	4,961	10,435	490	1,196	1,686	5,964	6,157	12,121
1972	5,298	5,851	11,149	486	1,354	1,840	5,784	7,205	12,989
1973	5,170	7,036	12,206	482	1,492	1,974	5,652	8,528	14,180
1974	5,023	8,775	13,798	480	1,642	2,122	5,503	10,417	15,920
1975	4,931	10,518	15,449	476	1,846	2,322	5,407	12,364	17,771
1976	4,821	11,908	16,729	473	2,080	2,553	5,294	13,988	19,282
1977	4,761	13,087	17,848	467	2,314	2,781	5,228	15,401	20,629
1978	4,725	14,250	18,975	465	2,541	3,006	5,190	16,791	21,981
1979	4,684	15,508	20,192	463	2,875	3,338	5,147	18,383	23,530
1980	4,613	16,733	21,346	463	3,152	3,615	5,076	19,885	24,961
1981	4,292	17,495	21,787	448	3,245	3,693	4,740	20,740	25,480
1982	3,825	18,712	22,537	424	2,777	3,201	4,249	21,489	25,738
1983	3,502	18,098	21,600	534	3,351	3,885	4,036	21,449	25,485
1984	3,391	17,949	21,340	602	n.a.	n.a.	3,993	n.a.	n.a.
1985	3,197	17,023	20,220	666	n.a.	n.a.	3,863	n.a.	n.a.
1986*	3,132	17,155	20,287	855	n.a.	n.a.	3,987	n.a.	n.a.

n.a. = not available.
*Preliminary.
†Data beginning with 1985 are as of June 30.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions; United States League of Savings Institutions.

68. PERSONNEL OF SAVINGS INSTITUTIONS

Year-end	Savings Associations		Savings Banks	
	Total Employees	Employees Per $1 Million of Assets	Total Employees	Employees Per $1 Million of Assets
1960	71,700	1.00	n.a.	n.a.
1965	97,600	0.75	27,233	0.47
1970	106,000	0.60	n.a.	n.a.
1971	114,900	0.56	n.a.	n.a.
1972	129,300	0.53	35,138	0.35
1973	142,800	0.53	40,311	0.38
1974	153,300	0.52	41,602	0.38
1975	169,700	0.50	44,050	0.36
1976	185,800	0.47	47,682	0.35
1977	208,300	0.45	51,410	0.35
1978	225,500	0.43	55,170	0.35
1979	244,900	0.42	57,995	0.35
1980	260,100	0.41	62,318	0.36
1981	265,000	0.40	62,467	0.36
1982	273,500	0.39	72,300†	0.42†
1983	312,900	0.40	75,100	0.31
1984	337,400	0.37	77,200	0.27
1985	360,300	0.38	81,500	0.25
1986*	389,200	0.40	86,400	0.19

n.a. = not available.
*Preliminary.
†New series.
Sources: Bureau of Labor Statistics; National Council of Savings Institutions; United States League of Savings Institutions.

69. CONDENSED STATEMENT OF CONDITION OF FSLIC-INSURED SAVINGS INSTITUTIONS AS OF DECEMBER 31, 1986*

Item	Amount (Millions)	Percentage of Total
ASSETS:		
Mortgage Loans	$ 655,936	56.3%
Insured Mortgages and Mortgage-backed Securities	157,742	13.5
Mobile Home Loans	7,512	0.6
Home Improvement Loans	4,921	0.4
Loans on Deposits	3,924	0.3
Education Loans	4,238	0.4
Other Consumer Loans	30,040	2.6
Cash and Government Securities	62,912	5.4
Other Investments	101,914	8.7
Investment in Service Corporations	21,380	1.8
Building and Equipment	14,901	1.3
Real Estate Owned	13,308	1.1
Real Estate Held for Development	7,604	0.7
All Other Assets	78,960	6.8
Total Assets	$1,165,291	100.0%
LIABILITIES AND NET WORTH:		
Savings Deposits:		
Accounts of $100,000 or Less	$ 772,445	66.3%
Accounts of More than $100,000	117,469	10.1
Federal Home Loan Bank Advances	100,048	8.6
Other Borrowed Money	96,459	8.3
All Other Liabilities	25,756	2.2
Net Worth	53,114	4.6
Total Liabilities and Net Worth	$1,165,291	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

70. CONDENSED STATEMENT OF CONDITION OF FDIC-INSURED SAVINGS BANKS AS OF DECEMBER 31, 1984†

Item	Amount (Millions)	Percentage of Total
ASSETS:		
Total Loans and Leases	$107,927	60.3%
Cash and Due from Depository Institutions	4,524	2.5
Federal Funds Sold and Repurchase Agreements	3,096	1.7
Total Securities	53,940	30.1
Building and Equipment	1,579	0.9
Real Estate Owned	340	0.2
All Other Assets	7,645	4.3
Total Assets	$179,051	100.0%
LIABILITIES AND EQUITY CAPITAL:		
Total Deposits	$159,803	89.2%
Borrowed Money	8,417	4.7
All Other Liabilities	1,948	1.1
Subordinated Notes and Debentures	459	0.3
Equity Capital	8,424	4.7
Total Liabilities and Equity Capital	$179,051	100.0%

Note: Components may not add to totals due to rounding.
†1985 and 1986 data not available.
Source: Federal Deposit Insurance Corporation.

71. TOTAL ASSETS OF ALL SAVINGS ASSOCIATIONS
(MILLIONS OF DOLLARS)

Year-end	Mortgage Loans [1,2,4]	Cash and Investment Securities[3]	Real Estate Owned	FHLB Stock	Other Assets[2,3,4]	Total Assets[4]
1960	$ 60,070	$ 7,888	$ 158	$ 978	$ 2,382	$ 71,476
1965	110,306	12,123	1,065	1,236	4,850	129,580
1970	150,331	16,526	746	1,539	7,041	176,183
1971	174,250	21,042	775	1,550	8,406	206,023
1972	206,182	24,355	776	1,675	10,139	243,127
1973	231,733	21,055	910	2,075	16,132	271,905
1974	249,301	23,251	1,211	2,575	19,207	295,545
1975	278,590	30,853	1,662	2,600	24,528	338,233
1976	323,005	35,724	1,928	2,800	28,450	391,907
1977	381,163	39,150	1,787	3,200	33,941	459,241
1978	432,808	44,884	1,746	4,000	40,104	523,542
1979	475,688	46,341	1,806	4,900	50,227	578,962
1980	502,812	57,572	2,272	4,900	62,273	629,829
1981	518,547	63,123	3,320	5,500	73,677	664,167
1982	483,614	85,438	5,578	5,900	127,116	707,646
1983	494,789	104,274	7,871	6,000	160,483	773,417
1984	555,277	125,358	10,612	6,200	205,002	902,449
1985	583,235	126,712	15,040	n.a.	223,794	948,781
1986*	553,552	142,841	20,911	n.a.	245,859	963,163

n.a. = not available.
*Preliminary.
[1]Beginning in 1970, includes (1) junior liens; (2) real estate sold on contract; and (3) collateral loans secured by the assignment of first mortgage loans.
[2]Beginning in 1973, participation certificates guaranteed by the FHLMC, loans and notes insured by the Farmers Home Administration, and certain other government-insured mortgage-type investments, previously included in mortgage loans, are included in other assets.
[3]Beginning in 1973, GNMA-guaranteed mortgage-backed securities of the pass-through type, previously included in cash and investment securities, are included in other assets.
[4]Beginning in 1982, excludes certain balances that had been reported as liabilities and are now reported as contra-assets.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

72. TOTAL ASSETS OF ALL SAVINGS BANKS
(MILLIONS OF DOLLARS)

Year-end	Mortgage Loans	Cash and Government Securities	Nonmortgage Loans	Other Assets	Total Assets
1960	$ 26,935	$ 7,788	$ 416	$ 5,432	$ 40,571
1965	44,617	6,822	862	5,931	58,232
1970	57,948	6,540	2,255	12,252	78,995
1971	61,978	7,310	2,810	17,483	89,581
1972	67,556	8,797	2,979	21,261	100,593
1973	73,230	8,149	3,871	21,400	106,650
1974	74,920	7,825	3,812	22,993	109,550
1975	77,249	11,382	4,023	28,402	121,056
1976	81,639	13,881	5,183	34,109	134,812
1977	88,105	14,462	6,210	38,510	147,287
1978	95,157	15,295	7,195	40,527	158,174
1979	98,908	13,744	9,253	41,500	163,405
1980	99,865	15,673	11,733	44,293	171,564
1981	99,997	17,540	14,753	43,438	175,728
1982	94,452	19,132	16,957	43,656	174,197
1983	131,940	n.a.	n.a.	n.a.	244,501
1984	154,441	n.a.	n.a.	n.a.	288,085
1985	177,263	n.a.	n.a.	n.a.	325,662
1986*	224,901	n.a.	n.a.	n.a.	443,655

n.a. = not available.
*Preliminary.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board; National Council of Savings Institutions.

73. TOTAL LIABILITIES OF ALL SAVINGS ASSOCIATIONS
(MILLIONS OF DOLLARS)

Year-end	Savings Deposits	FHLB Advances[1]	Loans in Process	Other Liabilities[2]	Net Worth[3]	Total Liabilities[2]
1960	$ 62,142	$ 2,197	$ 1,186	$ 968	$ 4,983	$ 71,476
1965	110,385	6,444	2,198	1,849	8,704	129,580
1970	146,404	10,911	3,078	3,389	12,401	176,183
1971	174,197	8,992	5,029	4,213	13,592	206,023
1972	206,764	9,782	6,209	5,132	15,240	243,127
1973	226,968	17,172	4,667	6,042	17,056	271,905
1974	242,974	24,780	3,244	6,105	18,442	295,545
1975	285,743	20,634	5,128	6,949	19,779	338,233
1976	335,912	19,083	6,840	8,074	21,998	391,907
1977	386,800	27,840	9,911	9,506	25,184	459,241
1978	430,953	42,907	10,721	9,904	29,057	523,542
1979	470,004	55,232	9,582	11,506	32,638	578,962
1980	510,959	64,491	8,767	12,221	33,391	629,829
1981	525,061	88,782	6,385	15,544	28,395	664,167
1982	567,961	97,850	[4]	15,602	26,233	707,646
1983	634,455	92,227	[4]	15,868	30,867	773,417
1984	724,301	126,169	[4]	17,215	34,764	902,449
1985	750,071	138,798	[4]	19,046	40,866	948,781
1986*	740,920	158,814	[4]	20,558	42,871	963,163

*Preliminary.
[1]Includes other borrowed money.
[2]Beginning in 1982, excludes certain balances that had been reported as liabilities and are now reported as contra-assets.
[3]Beginning in 1970, excludes paid-in surplus of stock associations and specific reserves of all associations, but includes net undistributed income, which is accrued by most, but not all, associations.
[4]Loans in process are now reported as a deduction from mortgage loans.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

74. TOTAL LIABILITIES OF ALL SAVINGS BANKS
(MILLIONS OF DOLLARS)

Year-end	Savings Deposits	Borrowings and Mortgage Warehousing	Other Liabilities	General Reserve Accounts	Total Liabilities
1960	$ 36,343	n.a.	$ 678	$ 3,550	$ 40,571
1965	52,443	n.a.	1,124	4,665	58,232
1970	71,580	n.a.	1,689	5,726	78,995
1971	81,440	n.a.	1,810	6,331	89,581
1972	91,613	$ 125	1,899	6,956	100,593
1973	96,496	403	2,162	7,589	106,650
1974	98,701	818	2,070	7,961	109,550
1975	109,873	555	2,200	8,428	121,056
1976	122,877	401	2,482	9,052	134,812
1977	134,017	622	2,670	9,978	147,287
1978	142,701	1,594	2,972	10,907	158,174
1979	146,006	3,653	2,221	11,525	163,405
1980	153,501	4,511	2,184	11,368	171,564
1981	155,110	8,132	2,500	9,986	175,728
1982	155,196	7,048	2,718	9,235	174,197
1983	211,909	n.a.	n.a.	n.a.	244,501
1984	248,147	n.a.	n.a.	n.a.	288,085
1985	271,673	n.a.	n.a.	n.a.	325,662
1986*	346,127	n.a.	n.a.	n.a.	443,655

n.a. = not available.
*Preliminary.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board; National Council of Savings Institutions.

Federal Government Agency Data

75. FEDERAL HOME LOAN BANK DISTRICTS

District	FHL Bank City	State or Area
1	Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
2	New York	New Jersey, New York, Puerto Rico, Virgin Islands
3	Pittsburgh	Delaware, Pennsylvania, West Virginia
4	Atlanta	Alabama, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia
5	Cincinnati	Kentucky, Ohio, Tennessee
6	Indianapolis	Indiana, Michigan
7	Chicago	Illinois, Wisconsin
8	Des Moines	Iowa, Minnesota, Missouri, North Dakota, South Dakota
9	Dallas	Arkansas, Louisiana, Mississippi, New Mexico, Texas
10	Topeka	Colorado, Kansas, Nebraska, Oklahoma
11	San Francisco	Arizona, California, Nevada
12	Seattle	Alaska, Guam, Hawaii, Idaho, Montana, Oregon, Utah, Washington, Wyoming

Source: Federal Home Loan Bank Board.

76. FHLB LENDING ACTIVITY
(DOLLAR AMOUNTS IN MILLIONS)

	Advances			
Year	Made	Repaid	Outstanding at Year-end	As a % of Member Assets
1960	$ 1,943	$ 2,097	$ 1,981	2.9%
1965	5,007	4,335	5,997	4.7
1970	3,255	1,930	10,615	6.2
1971	2,714	5,392	7,936	3.9
1972	4,792	4,750	7,979	3.4
1973	10,013	2,845	15,147	5.7
1974	12,763	6,106	21,804	7.5
1975	5,468	9,425	17,845	5.4
1976	8,114	10,097	15,862	4.1
1977	13,756	9,445	20,173	4.5
1978	25,297	12,800	32,670	6.3
1979	29,166	19,998	41,838	7.3
1980	36,585	29,460	48,963	7.9
1981	53,941	37,709	65,194	10.0
1982	53,744	52,928	66,011	9.5
1983	44,724	51,758	58,977	7.8
1984	91,239	75,598	74,618	8.4
1985	133,651	119,417	88,835	9.4
1986*	n.a.	n.a.	108,645	n.a.

n.a. = not available.
Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Home Loan Bank Board.

77. MEMBERSHIP OF THE FHLB SYSTEM AT YEAR-END 1986

Bank District	Savings Associations				Savings Banks	Life Insurance Companies	Total Membership
		Insured by FSLIC					
	Total Number	Federally Chartered	State-chartered	Other State-chartered			
Boston	109	34	35	40	161	...	270
New York	199	68	129	2	77	...	276
Pittsburgh	191	74	103	14	19	...	210
Atlanta	532	320	212	...	79	...	611
Cincinnati	329	173	153	3	38	1	368
Indianapolis	122	88	34	...	45	4	171
Chicago	319	150	169	...	28	...	347
Des Moines	164	88	75	1	29	...	193
Dallas	437	142	295	...	55	...	492
Topeka	153	87	66	...	19	...	172
San Francisco	220	53	167	...	17	...	237
Seattle	101	59	42	...	27	...	128
Total	2,876	1,336	1,480	60	594	5	3,475

Source: Federal Home Loan Bank Board.

78. FHLB CAPITAL STOCK, MEMBER DEPOSITS AND OBLIGATIONS
(MILLIONS OF DOLLARS)

Year-end	Capital Stock	Member Deposits	Obligations Outstanding†	Year-end	Capital Stock	Member Deposits	Obligations Outstanding†
1960	$ 989	$ 938	$ 1,266	1978	$4,120	$ 6,206	$25,109
1965	1,277	1,043	5,221	1979	5,149	9,254	30,372
1970	1,607	2,331	10,181	1980	5,160	10,074	37,268
1971	1,618	1,789	6,840	1981	5,827	11,914	54,131
1972	1,756	1,547	6,671	1982	6,269	14,732	55,972
1973	2,122	1,744	14,449	1983	6,395	11,873	48,931
1974	2,624	2,394	19,445	1984	7,200	18,844	65,085
1975	2,705	2,651	16,383	1985	8,313	23,309	74,460
1976	2,889	3,867	14,620	1986	9,485	26,954	88,752
1977	3,295	4,144	16,009				

†Beginning in 1970, excludes pass-throughs to FHLMC.
Source: Federal Home Loan Bank Board.

79. WEIGHTED RATE ON ADVANCES, BY FHLB DISTRICT, YEAR-END 1984-1986

Bank	1984	1985	1986
Boston	11.22%	10.00%	8.91%
New York	11.77	10.33	8.92
Pittsburgh	11.34	10.18	9.90
Atlanta	11.46	10.05	8.88
Cincinnati	11.31	10.53	9.52
Indianapolis	11.57	10.95	9.75
Chicago	11.60	10.74	8.17
Des Moines	11.29	10.31	8.67
Dallas	11.10	10.01	8.92
Topeka	11.68	11.05	9.60
San Francisco	11.29	10.28	9.97
Seattle	11.96	10.82	9.49

Source: Federal Home Loan Bank Board.

80. DIVIDEND RATES PAID, BY FHLB DISTRICT

Bank	1984	1985	1986
Boston	8.75%	8.00%	8.50%
New York	9.60	10.12	11.31
Pittsburgh	10.05	10.15	10.56
Atlanta	12.50	12.00	10.00
Cincinnati	9.56	9.28	10.50
Indianapolis	12.50	12.50	13.63
Chicago	12.50	10.69	11.25
Des Moines	14.25	12.00	11.00
Dallas	12.50	12.12	10.25
Topeka	10.63	10.60	9.75
San Francisco	7.25	7.65	10.03
Seattle	14.00	12.74	11.38

Source: Federal Home Loan Bank Board.

81. FHLB COMBINED STATEMENT OF CONDITION
(THOUSANDS OF DOLLARS)

Item	December 31, 1985	December 31, 1986
Assets:		
Cash	$ 865,291	$ 2,607,591
Investments	19,243,106	17,388,206
Advances	88,834,600	108,644,705
Other assets	3,236,290	2,786,103
Total Assets	$112,179,287	$131,426,605
Liabilities:		
Members' time deposits	$ 16,478,561	$ 18,319,305
Members' demand deposits	6,829,944	8,634,526
Total Deposits	$ 23,308,505	$ 26,953,831
Consolidated obligations	74,460,121	88,752,082
Other liabilities	4,305,779	3,976,086
Total Liabilities	$102,074,405	$119,681,999
Capital:		
Capital stock—all member-owned	$ 8,313,248	$ 9,484,683
Legal reserve	1,419,439	1,699,298
Dividend stabilization reserve	224,628	413,058
Undivided profits	147,567	147,567
Total Capital	$ 10,104,882	$ 11,744,606
Total Liabilities and Capital	$112,179,287	$131,426,605

Source: Federal Home Loan Bank Board.

82. FHLB COMBINED OPERATING STATEMENT
(THOUSANDS OF DOLLARS)

Item	Calendar Year 1985	Calendar Year 1986
Earned Income:		
Interest on advances	$ 8,677,573	$ 9,029,072
Income from investments	1,483,640	1,510,215
Miscellaneous	520,259	758,101
Total Earned Income	$10,681,472	$11,297,388
Expenses:		
Compensation and benefit costs	$ 119,671	$ 179,781
Administrative (including travel)	106,758	159,773
Interest and concessions on consolidated obligations	7,639,993	7,770,147
Interest on deposits	1,490,820	1,617,425
FHLB Board assessments	12,058	9,758
Other expenses	228,906	161,213
Total Expenses	$ 9,598,206	$ 9,898,097
Net Income	$ 1,083,266	$ 1,399,291
Allocation of Net Income:		
Dividends on stock	$ 795,397	$ 931,002
Legal reserve	216,653	279,859
Dividend stabilization reserve	71,215	188,430
Undivided profits	1	0

Source: Federal Home Loan Bank Board.

83. FSLIC COMPARATIVE STATEMENT OF CONDITION
(THOUSANDS OF DOLLARS)

Item	September 30, 1985	September 30, 1986
Assets:		
Cash and investments	$ 5,761,337	$ 4,635,207
Subrogated accounts due from receivers	1,960,714	6,115,864
Allowance for loss	(717,817)	(3,748,240)
Collateralized advances due from receivers	639,974	663,257
Loans to receivers	0	111,297
Collateralized loans to insured institutions	900,000	900,000
Other loans to insured institutions	139,983	120,141
Real estate and mortgages in process of liquidation	235,490	402,714
Income capital certificates	1,431,861	2,270,642
Allowance for loss	(169,957)	(680,058)
Net worth certificates	224,650	288,500
Other assets	258,971	(9,145)
Total Assets	$10,665,206	$11,070,179
Liabilities:		
Notes payable to insured institutions	$ 1,337,053	$ 3,692,541
Notes payable to Federal Home Loan Banks	900,000	900,000
Loss allowance under existing assistance agreements	856,782	686,687
Estimated contingent liability	0	1,556,000
Other liabilities	74,682	597,811
Total Liabilities	$ 3,168,517	$ 7,433,039
Insurance Fund Reserves:		
Primary reserve	$ 6,732,203	$ 2,824,956
Secondary reserve	764,486	812,184
Total Insurance Fund Reserves	$ 7,496,689	$ 3,637,140
Total Liabilities and Reserves	$10,665,206	$11,070,179

Source: Federal Home Loan Bank Board.

84. FSLIC COMPARATIVE OPERATING STATEMENT
(THOUSANDS OF DOLLARS)

Item	Fiscal Year 1985	Fiscal Year 1986
Income:		
Insurance premiums	$ 661,748	$ 724,284
Special assessment	750,989	1,063,159
Interest on investments	539,610	413,039
Premium on transfer of accounts	0	118,607
Other income	158,227	68,490
Total Income	$2,110,574	$2,387,579
Expenses:		
Interest on notes payable to insured institutions	$ 92,441	$ 185,061
Provision for possible future losses on:		
Subrogated accounts due from receivers	591,968	3,047,472
Income capital certificates	77,207	651,102
Assistance agreements	571,560	622,097
Estimated contingency	0	1,556,000
Other	104,052	60,109
Other expense	179,418	172,985
Total Expenses	$1,616,646	$6,294,826
Net Income	$ 493,928	($3,907,247)

Source: Federal Home Loan Bank Board.

85. FDIC COMPARATIVE STATEMENT OF CONDITION
(THOUSANDS OF DOLLARS)

Item	December 31, 1984	December 31, 1985†
Assets:		
Cash	$ 4,158	$ 23,186
Investment in U.S. Treasury obligations (book value)	14,436,286	15,841,869
Accrued interest and other receivables	393,944	499,229
Notes receivable from insured banks	560,883	590,254
Assets acquired in assistance to an insured bank	3,757,429	2,712,842
Assets acquired from failures of insured banks	2,143,540	2,358,554
Property and buildings	41,701	47,164
Total Assets	$21,337,941	$22,073,098
Liabilities and the Deposit Insurance Fund:		
Accounts payable, accrued liabilities and escrow funds	$ 100,479	$ 80,649
Liabilities incurred in assistance to insured banks	3,848,342	3,442,752
Liabilities incurred from failures of insured banks	859,641	578,367
Estimated losses from corporation litigation	0	14,340
Deposit Insurance Fund	16,529,479	17,956,990
Total Liabilities and Deposit Insurance Fund	$21,337,941	$22,073,098

†1986 data not available.
Source: Federal Deposit Insurance Corporation.

86. FDIC COMPARATIVE OPERATING STATEMENT
(THOUSANDS OF DOLLARS)

Item	Calendar Year 1984	Calendar Year 1985†
Income:		
Gross assessments earned less provision for assessment credits	$1,321,587	$1,433,497
Interest on U.S. Treasury obligations	1,495,377	1,599,745
Interest earned on notes receivable	111,730	37,531
Interest received on assets in liquidation	168,580	282,012
Other income	2,243	32,660
Total Income	$3,099,517	$3,385,445
Expenses and Losses:		
Administrative operating expenses	$ 151,201	$ 179,209
Merger assistance losses and expenses	197,559	199,377
Provision for insurance losses	1,633,374	1,568,992
Nonrecoverable insurance expenses	17,084	10,356
Total Expenses and Losses	$1,999,218	$1,957,934
Net Income	$1,100,299	$1,427,511

†1986 data not available.
Source: Federal Deposit Insurance Corporation.

87. NUMBER OF FSLIC AND FDIC MEMBER INSTITUTIONS

Year-end	FSLIC-insured Institutions				FDIC-insured Banks	
	Savings Associations			Savings Banks	Commercial Banks	Savings Banks
	Total	Federally Chartered	State-chartered			
1960	4,098	1,873	2,225	. . .	13,126	325
1965	4,506	2,011	2,497	. . .	13,547	329
1970	4,365	2,067	2,298	. . .	13,511	329
1971	4,271	2,049	2,222	. . .	13,612	327
1972	4,191	2,044	2,147	. . .	13,733	326
1973	4,163	2,040	2,123	. . .	13,976	322
1974	4,141	2,060	2,081	. . .	14,230	320
1975	4,078	2,048	2,030	. . .	14,385	329
1976	4,044	2,019	2,025	. . .	14,411	329
1977	4,065	2,012	2,053	. . .	14,418	323
1978	4,053	2,000	2,053	. . .	14,391	325
1979	4,039	1,989	2,050	. . .	14,364	324
1980	4,002	1,985	2,017	3	14,435	323
1981	3,779	1,907	1,872	6	14,415	331
1982	3,343	1,727	1,616	6	14,451	315
1983	3,040	1,553	1,487	143	14,469	294
1984	2,938	1,478	1,460	229	14,496	291
1985	2,944	1,419	1,525	302	14,404	364
1986	2,816	1,336	1,480	410	14,188	445

Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board.

88. FSLIC RESERVES AND FDIC DEPOSIT INSURANCE FUND
(DOLLAR AMOUNTS IN MILLIONS)

Year-end	FSLIC				FDIC	
	Primary Reserve	Secondary Reserve	Total Reserves[1]	Percentage of Insured Liability[2]	Deposit Insurance Fund	Percentage of Insured Liability[3]
1960	$ 381	. . .	$ 381	0.618%	$ 2,222	1.485%
1965	725	$ 812	1,537	1.353	3,036	1.448
1970	1,394	1,509	2,903	2.048	4,380	1.253
1971	1,529	1,458	2,987	1.767	4,740	1.265
1972	1,758	1,384	3,142	1.564	5,159	1.229
1973	2,076	1,378	3,454	1.563	5,615	1.206
1974	2,382	1,409	3,791	1.602	6,124	1.177
1975	2,740	1,380	4,120	1.478	6,716	1.180
1976	3,167	1,313	4,480	1.365	7,269	1.157
1977	3,653	1,220	4,873	1.286	7,993	1.154
1978	4,228	1,100	5,328	1.262	8,796	1.156
1979	4,891	957	5,848	1.269	9,793	1.211
1980	5,670	792	6,462	1.289	11,020	1.162
1981	5,557	599	6,156	1.198	12,246	1.238
1982	5,694	614	6,308	1.137	13,771	1.214
1983	5,764	661	6,425	0.963	15,429	1.216
1984	5,241	721	5,962	0.760	16,529	1.189
1985	6,732	764	7,497	n.a.	17,957	1.194
1986	2,825	812	3,637	n.a.	18,200	1.120

n.a. = not available.
Note: Components may not add to totals due to rounding.
[1]Data for 1985 and 1986 are as of September.
[2]Reserves as a percentage of the total accounts of insured depositors at all insured institutions.
[3]Deposit Insurance Fund as a percentage of insured deposits.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board.

89. FEDERAL DEPOSIT INSURANCE CORPORATION REGIONS

Region	State or Area
Atlanta	Alabama, Florida, Georgia, North Carolina, South Carolina
Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Chicago	Illinois, Indiana
Columbus	Kentucky, Ohio, West Virginia
Dallas	Colorado, New Mexico, Oklahoma, Texas
Kansas City	Kansas, Missouri
Madison	Michigan, Wisconsin
Memphis	Arkansas, Louisiana, Mississippi, Tennessee
Minneapolis	Minnesota, Montana, North Dakota, South Dakota, Wyoming
New York	New Jersey, New York, Puerto Rico, Virgin Islands
Omaha	Iowa, Nebraska
Philadelphia	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia
San Francisco	Alaska, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon, Utah, Washington

Source: Federal Deposit Insurance Corporation.

90. FEDERAL HOME LOAN MORTGAGE CORPORATION ACTIVITY
(MILLIONS OF DOLLARS)

	Mortgage Transactions		Loan Portfolio (Year-end)			Participation Certificates
Year	Purchases	Sales	Total	FHA-VA	Conventional	(Year-end)
1970	$ 325	...	$ 325	$ 325	...	...
1971	778	$ 113	968	821	$ 147	$ 64
1972	1,297	407	1,788	1,502	286	444
1973	1,334	409	2,604	1,800	804	791
1974	2,190	53	4,586	1,961	2,625	780
1975	1,713	1,521	4,987	1,881	3,106	1,143
1976	1,127	1,797	4,269	1,675	2,594	1,900
1977	4,160	4,647	3,267	1,450	1,817	5,408
1978	6,526	6,426	3,091	1,299	1,792	10,152
1979	5,621	4,544	4,052	1,159	2,893	12,922
1980	3,723	2,526	5,056	1,090	3,966	14,785
1981	3,744	3,532	5,237	1,047	4,190	17,925
1982	23,671	24,170	4,733	1,009	3,724	41,182
1983	22,952	19,638	7,633	942	6,691	56,412
1984	21,885	18,417	10,399	881	9,518	70,920
1985	44,012	38,658	14,022	825	13,197	100,507
1986	103,474	98,302	12,159	n.a.	n.a.	n.a.

n.a. = not available.
Source: Federal Home Loan Mortgage Corporation.

91. VA-GUARANTEED HOME MORTGAGE LOANS MADE
(DOLLAR AMOUNTS IN MILLIONS)

Year	Number	Amount	Year	Number	Amount
1960	145,000	$ 1,985	1978	365,000	$14,447
1965	164,000	2,652	1979	357,000	16,674
1970	168,000	3,440	1980	266,000	14,500
1971	282,000	5,961	1981	143,000	7,903
1972	370,000	8,293	1982	93,000	5,428
1973	316,000	7,467	1983	286,000	17,966
1974	310,000	8,206	1984	198,000	12,728
1975	299,000	8,884	1985	192,000	13,046
1976	329,000	10,419	1986	345,000	24,720
1977	389,000	13,901			

Source: Veterans Administration.

92. FHA-INSURED MORTGAGE AND OTHER LOANS MADE
(MILLIONS OF DOLLARS)

Year	Total	Home Mortgages	Project Mortgages	Property Improvement Loans
1960	$ 6,293	$ 4,601	$ 711	$ 982
1965	8,689	7,465	591	634
1970	11,982	8,114	3,251	617
1971	14,689	10,375	3,641	674
1972	12,320	8,067	3,448	805
1973	7,591	4,473	2,286	832
1974	5,915	3,934	1,225	756
1975	7,941	6,165	976	799
1976	9,746	6,362	2,315	1,071
1977	13,000	8,841	2,818	1,341
1978	16,098	11,140	3,270	1,688
1979	22,848	18,167	2,719	1,962
1980	22,301	16,458	4,197	1,646
1981	14,976	10,279	3,024	1,674
1982	14,105	8,087	4,464	1,554
1983	31,651	26,572	3,227	1,852
1984	17,749	14,525	1,867	1,357
1985	28,369	23,964	3,210	1,195
1986	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Note: Components may not add to totals due to rounding.
Source: Federal Housing Administration.

93. FHA INTEREST RATE CEILINGS

Effective Date	One-family Homes†	Apartments†	Effective Date	One-family Homes†	Apartments†
January 5, 1970		8½%	April 3, 1980	14%	13%
December 2, 1970		8	April 28, 1980	13	13
January 13, 1971		7½	May 15, 1980	11½	13
February 18, 1971		7	July 7, 1980	11½	12
August 10, 1973		7¾	August 20, 1980	12‡	12
August 25, 1973		8½	September 22, 1980	13‡	13
January 22, 1974		8¼	November 24, 1980	13½‡	13½
April 15, 1974		8½	March 9, 1981	14‡	14
May 13, 1974		8¾	April 13, 1981	14½‡	14½
July 8, 1974		9	May 8, 1981	15½‡	15½
August 14, 1974		9½	August 17, 1981	16½‡	16½
November 25, 1974		9	September 15, 1981	17½‡	17½
January 21, 1975		8½	October 12, 1981	16½‡	17½
March 3, 1975		8	November 9, 1981	16½	17½
April 28, 1975		8½	November 16, 1981	15½	16½
September 2, 1975		9	January 25, 1982	16½	16½
January 5, 1976	8¾%	9%	March 2, 1982	15½	16½
March 30, 1976	8½	9	August 9, 1982	15	16
October 18, 1976	8	9	August 24, 1982	14	15
May 31, 1977	8½	9	September 24, 1982	13½	14½
February 28, 1978	8¾	9	October 13, 1982	12½	13½
May 23, 1978	9	9	November 15, 1982	12	13
June 29, 1978	9½	9½	May 9, 1983	11½‡	11½
April 23, 1979	10	9½	June 8, 1983	12‡	12
September 26, 1979	10½	9½	July 11, 1983	12½‡	12½
October 1, 1979	10½	10	August 1, 1983	13½‡	13½
October 26, 1979	11½	11	August 23, 1983	13‡	13
February 11, 1980	12	12	November 1, 1983	12½‡	12½
February 28, 1980	13	13	December 1, 1983	none	none

†Excludes insurance premium.
‡½ of 1% higher for graduated payment mortgages.
Source: Federal Housing Administration.

94. FNMA ACTIVITY
(MILLIONS OF DOLLARS)

Year	Loan Purchases	Loan Sales	Total Portfolio (Year-end)	Mortgage-backed Securities (Year-end)
1960	$ 980	$ 42	$ 2,903	. . .
1965	757	46	2,520	. . .
1970	5,078	. . .	15,502	. . .
1971	3,574	336	17,791	. . .
1972	3,699	211	19,791	. . .
1973	6,127	71	24,175	. . .
1974	6,953	4	29,578	. . .
1975	4,263	2	31,824	. . .
1976	3,606	86	32,904	. . .
1977	4,780	67	34,370	. . .
1978	12,303	5	43,311	. . .
1979	10,812	. . .	51,091	. . .
1980	8,099	. . .	57,327	. . .
1981	6,112	2	61,412	$ 717
1982	15,116	2	71,814	14,450
1983	17,554	3,528	78,256	25,121
1984	16,721	978	87,940	36,215
1985	21,510	1,301	98,282	54,987
1986	30,826	n.a.	97,895	97,174

n.a. = not available.
Note: Data adjusted to exclude functions transferred to GNMA in 1968.
Source: Federal National Mortgage Association.

95. GNMA LOAN PORTFOLIO, BY FUNCTION
(MILLIONS OF DOLLARS)

Year-end	Special Assistance	Management & Liquidation	Total Portfolio
1965	$1,340	$ 953	$2,293
1970	3,401	1,821	5,222
1971	3,648	1,673	5,321
1972	3,824	1,287	5,111
1973	3,576	469	4,045
1974	4,440	409	4,849
1975	6,884	358	7,242
1976	4,102	305	4,407
1977	2,989	260	3,249
1978	2,521	220	2,741
1979	2,404	199	2,603
1980	2,806	162	2,968
1981	3,698	141	3,839
1982	3,977	125	4,102
1983	3,374	91	3,465
1984	3,060	80	3,140
1985	. . .	1,634	1,634
1986	. . .	884	884

Source: Government National Mortgage Association.

96. GNMA MORTGAGE-BACKED SECURITY PROGRAM
(MILLIONS OF DOLLARS)

Year	Pass-through Securities		Bonds Sold
	Applications	Issues	
1970	$ 1,126	$ 452	$1,315
1971	4,374	2,702	300
1972	3,854	2,662	. . .
1973	5,529	3,249	. . .
1974	6,203	4,784	. . .
1975	10,449	7,366	. . .
1976	25,394	13,765	. . .
1977	31,076	16,230	. . .
1978	35,014	15,359	. . .
1979	53,820	24,592	. . .
1980	58,701	20,648	. . .
1981	36,915	14,253	. . .
1982	38,865	16,012	. . .
1983	70,280	50,496	. . .
1984	36,101	27,857	. . .
1985	64,360	45,868	. . .
1986	152,911	98,169	. . .

Source: Government National Mortgage Association.

97. MAJOR FEDERAL LAWS AFFECTING THE SAVINGS INSTITUTION BUSINESS

Date	Law	Key Provisions
1932	Federal Home Loan Bank Act	Established the Federal Home Loan Banks under the supervision of the Federal Home Loan Bank Board to provide a central credit facility for home financing institutions.
1933	Banking Act	Created the Federal Deposit Insurance Corporation to insure demand and time deposits at commercial banks and savings banks.
1933	Home Owners' Loan Act	Authorized the creation under the FHLBB of a system of federally chartered and supervised savings and loan associations.
1934	National Housing Act	Established the Federal Savings and Loan Insurance Corporation to insure savings accounts at member associations; created the Federal Housing Administration to insure mortgage and other loans made by private lenders.
1944	Servicemen's Readjustment Act (The G.I. Bill of Rights)	Established a program of loan guarantees under Veterans Administration auspices to encourage private lending on generous terms to veterans of the armed forces.
1949	Housing Act	Established national housing goals of "a decent home and suitable living environment for every American family"; provided grants to municipalities for public housing and slum clearance; set up a program of financial assistance for rural areas under the Farmers Home Administration.
1961	Housing Act	Authorized new programs for federal involvement in housing, including subsidized rental housing for low- and moderate-income families; expanded funding for FNMA special assistance functions.
1968	Housing and Urban Development Act	Gave federal associations the authority to invest in mobile home and home equipment loans; expanded their authority to issue a wide variety of savings plans, notes, bonds and debentures.
1970	Emergency Home Finance Act	Created the Federal Home Loan Mortgage Corporation, under the FHLBB, to provide a secondary market for conventional, FHA and VA mortgages.
1974	Housing and Community Development Act	Liberalized the types and amounts of loans a federal association may make.
1974	Equal Credit Opportunity Act	Prohibited discrimination in credit transactions on the basis of sex or marital status.
1974	Real Estate Settlement Procedures Act	Provided comprehensive guidelines for loan closing costs and settlement practices.
1975	Home Mortgage Disclosure Act	Required most financial institutions to disclose the number and dollar amount of mortgage loans made, by geographical area.
1976	Tax Reform Act	Reduced certain allowable federal income tax deductions for savings institutions and increased the minimum tax rate; liberalized IRA and Keogh account provisions.
1977	Housing and Community Development Act	Liberalized association lending limits; required financial institution regulatory agencies to take into account an institution's record of serving the credit needs of its community when evaluating applications for new facilities, mergers and other matters.

Date	Law	Key Provisions
1978	Financial Institutions Regulatory and Interest Rate Control Act	Increased FDIC and FSLIC insurance limits for IRA and Keogh accounts from $40,000 to $100,000; provided for FHLBB chartering of federal savings banks; amended Consumer Credit Protection Act establishing rights and responsibilities for electronic funds transfers.
1980	Depository Institutions Deregulation and Monetary Control Act	Shifted deposit account authority from individual depository institution regulators to a Deregulation Committee; increased FSLIC and FDIC insurance for all accounts from $40,000 to $100,000; gave the Federal Reserve authority to set reserve requirements on short-term accounts at all depository institutions; extended the federal override of state usury ceilings on various loans; authorized NOW accounts nationwide.
1982	Garn-St Germain Depository Institutions Act	For all depository institutions, preempted or severely limited state due-on-sale clause and alternative mortgage loan restrictions; granted broader powers to the federal deposit insurance corporations; mandated the phaseout of the savings interest rate differential by 1/1/84. For insured institutions with deficient net worth, provided for FSLIC and FDIC assistance to bring net worth to required levels, in the form of insurance corporation notes exchanged for net worth certificates issued by the institution. For savings institutions, eased charter and conversion limits. For federal associations, created or expanded lending and investment authority; authorized the acceptance of demand deposits from business and agricultural loan customers; removed mortgage loan-to-value ratio limits.
1984	Deficit Reduction Act	Reduced the tax benefits from certain corporate tax preference items; simplified tax credit rules; extended the tax exemption for qualified mortgage subsidy bonds; phased out graduated tax rates for large corporations; created new reporting procedures for mortgage interest, property foreclosure or abandonment, and IRAs.
1984	Comprehensive Crime Control Act	Prohibited financial institution employees from accepting anything of value from anyone in connection with any transaction or business dealing.
1986	Bank Bribery Amendments Act	Clarified that actions in violation of the "Bank Bribery" statute are limited to those which are based on intent to corrupt.
1986	Tax Reform Act	Reduced top corporate tax rate from 46% to 34% and also reduced the percentage of taxable income bad debt deduction from 40% to 8%; provided for three-year carrybacks and 15-year carryforwards for savings institution net operating losses; extended to eight years the carryover period for net operating losses incurred in taxable years beginning after December 31, 1981, and before January 1, 1986.
1986	Money Laundering Control Act	Created a new federal crime of money laundering, exposing financial institutions to new liability for involvement in money-laundering transactions. Also established a new Bank Secrecy Act offense to prohibit structuring any transaction in a manner which causes a financial institution not to file required reports.

Date	Law	Key Provisions
1986	Government Securities Act	Established a federal regulatory framework for all brokers and dealers in government securities; tightened registration and reporting requirements for holding companies and savings institution subsidiaries that buy and sell government securities.

98. MAJOR REGULATORY CHANGES AFFECTING SAVINGS INSTITUTIONS

Date Effective	Item	Provisions
Jan. 1986	Credit practices	Covers consumer as well as certain equity mortgage and manufactured (mobile) home loans. Prohibits the use of certain contract provisions and the pyramiding of late charges, and requires that potential cosigners receive notice of consumer credit obligations.
Jan. 1986	Deposit account ceilings lifted	The $1,000 minimum requirement on the money market deposit account, super NOW account, and 7- to 31-day account is eliminated.The 5.25% interest rate ceiling on the NOW account is also lifted.
Jan. 1986	Mortgage interest reporting	Savings institutions must furnish reports to mortgage payers from whom they receive $600 or more of mortgage interest per year. Institutions also must provide this information to the IRS.
Mar. 1986	Interest rate ceilings lifted	The 5.5% ceiling on passbook accounts is lifted. Final phase of savings deregulation is completed. DIDC is terminated.
Mar. 1986	Self-directed retirement plans	Savings institutions are empowered to offer self-directed retirement plans without applying expanded trust powers.
Oct. 1986	Loan record keeping requirements amended	The FHLBB expands the kind of transactions and loan types that must meet minimum documentation and record keeping requirements. The previous regulation covered only requirements for loans secured by real estate. The amended regulation also requires savings institutions to establish records for commercial and consumer loans.
Jan. 1987	Final rules on regulatory capital and liability growth requirements	FHLBB issues extensive amendments to its 1985 net worth requirements. In order to build regulatory capital to strengthen institutions and protect the FSLIC, required levels of capital will be raised over time from 3% to 6% of liabilities. Each institution's level of capital as of December 31, 1986, and the savings institution business' future return on assets will help determine minimum capital ratios.
April 1987	Compliance with reporting requirements for cash transactions amended	Required savings institutions to establish procedures to assure compliance with Bank Secrecy Act record keeping and reporting requirements; act requires institutions to file currency transaction reports for cash transactions of more than $10,000.
April 1987	Extension of restrictions on direct investments	New regulations require principal supervisory agent preapproval threshold for institutions in compliance with regulatory capital minimums. Institutions with 6% or greater tangible capital have a supervisory threshold for direct investments of three times their tangible capital. Any institution making direct investments at or above the 20% level, however, must notify its PSA.

Glossary

adjustable rate loan: any loan on which the interest rate may be changed, either at set intervals or whenever movement occurs in a specified index.

advance: a loan of funds; in the savings institution business, usually a loan from a Federal Home Loan Bank to a member institution.

alternative mortgage instrument: any loan contract that differs from the traditional fixed rate, long-term, fixed payment mortgage. The AMI may be written for a short term with a renewal clause; provide for changes in the monthly payment, term, interest rate or other loan element; or contain some other creative provision.

appraised equity capital: the difference between the book value and market value of certain savings institution assets such as land and improvements; may be counted as net worth.

asset reserves: funds set aside against transaction account and other short-term deposit balances, as required by the Federal Reserve Board of all except very small depository institutions; held in the form of cash and nonearning deposits at a Federal Reserve Bank.

balloon loan: a loan on which the entire balance becomes due after a specified time such as three or five years; the borrower pays interest regularly, and may or may not make small principal repayments during the loan's term.

bond-type security: an investment security, especially a mortgage-based one, that has the characteristics of a typical corporate bond, including long term, fixed rate of return and repayment of principal at maturity. See also **pass-through security**.

certificate account: a savings deposit made for a fixed or specified minimum term, usually subject to a penalty (such as loss of interest) for early withdrawal.

checking account: a transaction account that permits unlimited withdrawals, transfers and payouts of funds but that cannot, by federal law, earn interest.

club account: a savings account program designed to help people save for specific goals such as Christmas or vacations; provides for deposits each payday and a one-time lump-sum withdrawal; earns interest at up to the passbook rate.

collateralized mortgage obligation: a mortgage-backed security that passes borrower payments into a trusteed pool, from which principal and interest are paid to security holders class by class, with one class completely paid off before any principal is repaid to the next greater maturity class.

commercial loan: a loan not secured by a pledge of real estate, made to a business for commercial purposes.

consolidated obligation (FHLB): a debt security issued by the Federal Home Loan Banks over the signature of the FHLBB chairman; the financing needs of the various regional Banks are consolidated into larger issues for the capital markets.

construction loan: a mortgage loan made to finance real estate construction; may include funds for land acquisition; may provide for permanent long-term financing upon completion of construction.

consumer loan: a loan made to individuals for any nonbusiness purpose except the construction or purchase of real estate; also called a nonmortgage loan.

conventional loan: a loan not insured or guaranteed by a government agency; may be privately insured.

credit or equity instrument: any direct market investment representing an ownership share in or a loan of funds to a corporation or government body, including stocks, bonds, bills, notes and debentures.

depository institution: a financial intermediary that accepts savings or demand deposits from the general public.

direct investment: an investment made directly by an institution in a service corporation or for such purposes as the purchase of equity securities or real estate development.

direct market investment: any investment in a credit or equity instrument that is made directly with the seller or borrower and not through a financial intermediary.

discount note: a short-term debt security sold at less than face value but redeemed at maturity at full value; the difference between the purchase price and redemption amount is the equivalent of interest paid for the use of the funds.

earnings-based account: a savings deposit on which part of the interest payment is tied to the rate of return on earmarked assets; also called an equity account or equity certificate.

education loan: a nonmortgage loan made to a consumer to finance college or vocational school education or similar training.

equity loan: any loan secured by the equity in a property and made for purposes other than the purchase of that property regardless of the lien priority; may be structured as a second mortgage loan or as an open-ended line of credit with either variable or fixed rate terms.

family: see **household.**

FHA loan: a mortgage, mobile home or property improvement loan made by a private lender and insured by the Federal Housing Administration.

financial intermediary: a corporation whose operating profit comes primarily from acting as a middleman between those with surplus funds to save or invest and those who want to borrow; accepts money from savers or investors and, in turn, lends the funds in the intermediary's own name to borrowers.

fixed rate loan: a loan made for a predetermined rate of interest that does not change over the life of the contract.

forward commitment: a definite promise to do something at a future time or within a specified period, such as make loans or purchase mortgages.

general reserves: all reserve accounts on a balance sheet except those earmarked for specific potential losses.

graduated payment mortgage loan: a home mortgage loan on which the monthly payments start at a low level and gradually rise at a predetermined rate, based on the assumption that the homeowner's income will increase over time; in the early years of the loan, negative amortization may occur.

growing equity mortgage loan: a home mortgage loan on which the payments increase according to an agreed-upon schedule, based on the assumption that the homeowner's income will increase over time; the initial payment level is sufficient to amortize the loan over a long term such as 30 or 40 years; the payment increases prepay loan principal, however, so that the loan actually is paid off in many fewer years.

home: a residential structure containing one to four dwelling units; a condominium unit, regardless of the number of units in the building.

home improvement loan: a loan to finance the repair, modernization or improvement of residential real estate; also called a property improvement loan; when secured by a mortgage, classed with other mortgage loans on the balance sheet.

home loan; home mortgage loan: a residential mortgage loan secured by one- to four-family property or a condominium unit.

household: all persons occupying a separate housing unit that has either direct access to the outside or a public area, or separate cooking facilities; when the members are related by law or blood, called a family.

household funds: in the Federal Reserve Board's Flow of Funds Accounts, the financial assets and liabilities of households, businesses, financial institutions and government units.

income capital certificate: an FHLBB certificate that is an agreement to pay back a corporation's loan, plus interest, when and if an association in financial difficulty gets into a better position. Payments are installments and are always less than the association's net income.

individual retirement account: a trust-type savings deposit arrangement; exempt from federal income tax on account earnings and new funds deposited, up to specified limits, until the saver retires.

industrial loan: a loan to a business for manufacturing or industrial, as opposed to commercial, purposes.

insurance fund: the reserves accumulated by the FDIC over the years to offset any claims made by depositors of defaulted insured institutions.

insured institution: a savings association or savings bank whose deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation.

IRA: see **individual retirement account**.

jumbo certificate: a market rate certificate savings account of more than $100,000.

Keogh account: a trust-type savings account for self-employed individuals and their employees; exempt from federal income tax on account earnings and new funds deposited, up to specified limits, until the saver retires.

liability reserves: see **general reserves** and **net worth**.

liquidity: investments readily convertible to cash without significant loss; specified types of such investments held by member institutions to satisfy FHLBB requirements for short-term and overall liquidity.

loan discounts and fees: charges made by most mortgage and nonmortgage lenders for processing loan applications and writing new loans.

loans in process: the contra-asset account representing funds not yet paid out on existing loans.

manufactured home loan: a loan to finance the purchase of a manufactured (mobile) home; may include funds for associated costs such as transportation and setup.

mobile home loan: see **manufactured home loan.**

money market deposit account: a savings deposit not subject to rate ceilings, minimum balances or a minimum term; may have up to six preauthorized transfers a month.

money market fund; money market mutual fund: a mutual fund investing in short-term money market securities and selling shares in low minimum amounts to the public.

mortgage-backed security: any of a variety of investment securities representing shares in a pool of mortgage loans; often guaranteed by the Government National Mortgage Association (Ginnie Mae) or privately insured.

mortgage loan: an advance of funds to a borrower secured by the pledge of real estate; the pledge ends when the debt is discharged.

mortgage warehousing: a contra-asset account representing mortgages made by an institution and earmarked for inclusion in a pool that will underlie a mortgage-backed security; mortgages in the pipeline between origination and securitization.

multifamily housing: a residential structure containing five or more dwelling units.

mutual capital certificate: a long-term debt security issued by a federal mutual institution, subordinated to all other claims on assets; not covered by federal insurance of accounts; may be counted as net worth for regulatory purposes.

mutual institution: a savings institution owned solely by its customers—current savers and borrowers—who elect the board of directors and, if the institution goes out of business, share pro rata in any assets remaining after all liabilities have been paid.

net new retail savings: the total of funds placed in new and existing accounts except $100,000-minimum certificates, excluding interest credited, less withdrawals from these accounts, over a given period.

net new savings: the total of funds placed in new and existing accounts, excluding interest credited, less withdrawals from these accounts, over a given period.

net worth: the amount by which savings institution assets exceed liabilities, maintained at least at the minimum level required by regulation; a cushion to protect savers against any losses on loans and other investments; consists of federal insurance and general reserves, paid-in surplus, undivided profits, subordinated debentures, appraised equity capital, net worth certificates, income capital certificates and mutual capital certificates (for a mutual institution) or permanent stock (for a stock institution); now officially called regulatory capital.

net worth certificate: a special security issued by a depository institution with a net worth deficiency; it is then exchanged for a promissory note from the FDIC or FSLIC; the institution redeems its NWC when it returns to profitability and can make all required allocations to net worth.

nonmortgage loan: see **consumer loan.**

NOW account: a savings account that allows check-like drafts (negotiable orders of withdrawal) to be drawn against the interest-bearing deposit; a regular NOW account has an interest rate ceiling, while a super NOW, with a $1,000 minimum balance, is ceilingless.

operating expense: costs incurred in the normal operation of a savings institution or other business, as opposed to outlays and losses arising from extraordinary circumstances such as a lawsuit (nonoperating expense).

operating income: income arising from the normal operation of a savings institution or other business, as opposed to funds received from extraordinary events such as the one-time sale of an office building (nonoperating income).

operating loss carryback; operating loss carryforward: a provision of income tax law that allows businesses that experience an excess of operating expense over operating income in one tax year to use part of that loss to offset income in a past or future tax period.

ordinary savings: the term used by some savings banks to refer to passbook accounts.

over-the-counter savings: savings accounts and time deposits at depository institutions.

participations: mortgage loans made jointly by two or more lenders or owned jointly by two or more investors.

passbook account: a no-minimum-balance savings account that permits the addition or withdrawal of any amount at any time without penalty.

pass-through security: a security representing an interest in an underlying pool of mortgages, on which payments received on the underlying pool are passed through to the security investor.

personal savings: in the Department of Commerce's National Income Accounts, the balance remaining after estimated outlays for goods and services are subtracted from the after-tax income of individuals and families.

primary reserve: with the secondary reserve, the funds set aside by the FSLIC over the years to offset any claims made by depositors of defaulted insured institutions.

private mortgage insurance: insurance offered by a private company that (a) protects a lender against loss on a defaulted mortgage loan up to policy limits, often 10% to 25% of the total loan amount; or (b) protects owners of mortgage-backed securities against losses on the underlying loans up to policy limits, often 5% of the total principal.

public unit account: a savings account containing the funds of a state, county, municipality, or other government unit or subdivision.

purchase loan: a mortgage loan made to finance the purchase of existing real estate, secured by a pledge of that real estate.

real estate loan: see **mortgage loan.**

real estate mortgage investment conduit: an issuer of multiclass securities similar to collateralized mortgage obligations but offering tax and accounting advantages, as authorized under the Tax Reform Act of 1986; savings institutions are authorized to issue and invest in Remic securities.

real estate owned: real property acquired by a mortgage lending institution as a result of its lending operations, after a borrower defaults.

regular deposit: any account at a savings bank except a checking, club or school account.

regulatory capital: see **net worth.**

retail savings: all savings deposits except jumbo certificates.

return on assets: net after-tax income for a given period of time, divided by average assets, net of contra-asset items.

savings account loan: a loan secured by a pledge of funds in a savings account at the same institution; often used by savers who want to avoid penalties for early withdrawal from a certificate account.

savings association: a state-chartered or federally chartered financial intermediary that accepts deposits from the public and invests those funds primarily in residential mortgage loans; in various jurisdictions, also called a savings and loan association, co-operative bank, homestead society or building and loan association.

savings bank: a state-chartered or federally chartered financial intermediary that accepts deposits from the public and invests those funds in a variety of secure investments, mainly mortgage loans; also often called a mutual savings bank.

savings institution: a savings association or savings bank.

school savings plan: a special account for young people, offered by some savings banks, that is exempt from most of the regulatory requirements that apply to other types of savings accounts.

secondary mortgage market: the aggregate buying, selling and trading of existing mortgage loans and mortgage-backed securities.

secondary reserve (FSLIC): see **primary reserve.**

service corporation: a regulated business organization wholly owned by one or more savings institutions, which may engage in specified business activities that the parent(s) cannot or does not want to engage in, such as real estate development and management, insurance agency and brokerage services, or the sale of clerical and computer services.

specific reserve: a balance sheet account containing funds set aside to absorb possible losses on a specific loan or business transaction.

speculatively built home: a one- to four-family home on which construction has begun without a contract having been signed with any buyer.

subordinated debenture: a long-term debt security issued by a savings institution, subordinate to savers' claims on assets; may be counted as regulatory net worth.

super NOW account: see **NOW account.**

surplus account: a balance sheet account containing net profits from prior operating periods that were not distributed to savers in interest or paid to stockholders as dividends; a component of net worth at many savings institutions.

tax preference item: the amount of tax saving generated by the use of certain "loophole" provisions in the tax code; a special minimum tax is imposed on users of these provisions to ensure that they cannot completely avoid federal tax liability.

thrift institution: a depository financial intermediary that promotes thrift by offering savings deposit facilities to consumers; included are savings associations, savings banks and credit unions.

time deposit: any savings deposit with a definite term or notice period; excludes transaction and passbook account funds.

transaction account: a deposit from which payments may be made directly to a third party on the depositor's negotiable or non-negotiable order; includes NOW accounts, checking accounts and third-party payment accounts.

turnover ratio: the inflows from an investment portfolio over a given period of time, expressed as a percentage of the average portfolio over that period.

VA loan: a mortgage or manufactured home loan made by a private lender and guaranteed by the Veterans Administration.

valuation reserve: an allowance set aside to cover the risk that the principal and interest on an investment such as a loan or security will not be repaid according to contract.

variable rate certificate: a certificate account on which the interest rate varies during the term of the deposit according to a predetermined schedule, formula or index.

variable rate mortgage loan: a mortgage loan on which the interest rate may be adjusted periodically in accordance with changes in an agreed-upon index; also referred to as an adjustable rate mortgage.

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